

## Engineers helping to prevent more severe power cuts

Generators at four of the ten power stations forced to close by the unofficial action of some workers are being restarted today by professional engineers. Their union, The Engineers' and Managers' Association, has agreed to help the Central Electricity Generating Board to put pressure on the men to end the dispute which, the board said, has increased costs by £1m a day and will mean dearer electricity.

The board said that the dispute is mainly concentrated on the effect on output is marginal. The CEGB was adamant last night that there will be no talks with the leaders of the action. Mr Blackman said: "I now begin to wonder what it is they want. They are at odds with their own district and national trade union officers, but they do not need to pull the public apart in order to make that clear."

## £1m a day dispute will raise bills

By Christopher Thomas  
Labour Reporter

Pressure on power workers to abandon their unofficial action increased last night as a TUC-affiliated union agreed to help to reopen four of the 10 power stations forced to close.

The Central Electricity Generating Board refused to name the stations but said they would be big ones, that should ensure that power cuts are no more extensive than they were last week.

The men's jobs are to be covered by professional engineers belonging to the Engineers' and Managers' Association (EMA). At the outset of the dispute it told the board that it was willing to cooperate to prevent power cuts.

The dispute would have a telling impact on growth because electricity was not reliable, he added.

Mr Wedgwood Benn, Secretary of State for Energy, met industry chiefs and union officials yesterday for informal talks. The energy department said he was preparing the ground for a meeting in London today of the industry's national joint industrial council.

The unofficial shop stewards' committee is to meet in Doncaster today, last night its secretary, Albert Perryman, who is a shop steward at Corran, refused to comment.

The CEGB has issued a statement to the men involved in the action, believed to number only about 4,000 out of the 30,000 employed by the board. It says that the dispute has put up the board's costs by £1m a day, which will mean dearer electricity for all.

The statement reiterated that nobody who since last Thursday had refused to work normally would be paid, because they were in breach of contract. Nothing would be named in dealing with the unofficial group, because the board understood that the present claims were simply the first instalment of a much larger list on which disputes might continue through the winter.

The board are convinced that millions of the industry's consumers expect them to resist the attempts of a group of staff to use their strength to damage not only consumers and the board but also, by bypassing the established negotiating machinery, their fellow workers.

The statement pointed out that the Government had agreed to a national joint industrial council request on travel allowances and was prepared to support assistance for staff working at remote sites. Increased shift allowances had also been agreed, although they could not be paid until March.

Mr Blackman said last night that the shop stewards committee had tabled a "great shopping list of things they wish to achieve", including a big rise, which was an irresponsible approach. They wanted to be in the topmost position on all fronts.

"An outrage": The power workers' action was described by Canon John Collins yesterday as an "outrage against human life on a par with the jacking and the taking of hostages" (the Press Association reports).

"Those who are responsible are not even motivated by any noble cause", he told his congregation during his Sunday sermon at St Paul's Cathedral. "They are men who, in present-day Britain, are among the relatively well paid workers. It is the public that is being taken hostage, and it is the weakest, those who are most unable to fend for themselves, the old, the sick, who are made to suffer."

Canon Collins said he had often drawn attention to the ugly expressions of capitalism. "But I now find myself wondering whether we are facing the unacceptably ugly face of socialism. I trust not, but I fear that it may be so."

Mr Frank Tombs, chairman of the Electricity Council, yesterday, appealed to the public not to take out their frustration and anger on all power workers. "It is only a minority led by a small unofficial group that has been the cause of the damage and hardship," he said. "The great majority of our staff are not only working normally but even much harder than usual in an effort to keep electricity supplies going."

All those considerations will arise at a meeting of the executive on Thursday, when the board is expected to inform the union that its claim for £135 at the coal face from November 1, with proportionate rates elsewhere, breaches both the TUC's 12-month rule and the Government's 10 per cent limit on earnings.

Mr Gormley said yesterday: "I have said to ministers and to the TUC that 10 per cent will not solve the problem. I hope that during negotiations we will be able to reach a position where we can satisfy one another that we have reached an honourable solution. I hope we will not need confrontation, but I will negotiate hard for the miners."

In their attitude they will be joined by some moderates, including Mr Sidney Vincent, the Lancashire miners' secretary, and the rest of the TUC coalition will determine the course of the pay struggle.

The policy of the left-wing minority on the executive will almost certainly be to reject the coal board's offer and seek talks on the basis of the claim. Miners' festival, page 4

Lord Carver's first meeting with Mr Smith. Field Marshal Lord Carver, the British Resident Commissioner-designate, has left Salisbury after his first meeting with Mr Smith, the Prime Minister, having apparently succeeded in clearing up some Rhodesian misconceptions about the Anglo-American settlement proposals. Mr Smith accepted Lord Carver's assessment that broad agreement on the desirability of a ceasefire and a settlement had been reached, but the highly complicated questions of how this was to be achieved remained unresolved. Page 5

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## Moderate miners try to avert a clash

From Paul Rounledge  
Labour Editor

Blackpool. Moderate miners' leaders are seeking to rebuild their wage strategy, which was shattered by last week's pithead ballot rejection of a productivity deal. Private discussions designed to head off a confrontation with the Government took place in Blackpool during the weekend.

Two main courses of action have emerged. The first, being promoted by Mr Leonard Clarke, president of the Nottinghamshire miners and the moderates' chief strategist, is to go for an immediate strike ballot; the calculation is that miners will reject a strike in the pre-Christmas period.

Under the terms of the resolution on wages adopted at the annual conference in July, which "seeks to achieve" rises of up to 90 per cent from November 1, the executive of the National Union of Mineworkers has to consult the membership on industrial action if the coal board does not give a satisfactory reply to the claim.

A snap ballot, it is argued, might find the left unprepared for a renewed campaign of militancy and result in rejection of the strike weapon. But if delayed until after Christmas, the vote would almost certainly be for industrial action.

Not all the moderates share that optimistic evaluation. Some, including the union's president, Mr Joseph Gormley, fear that it might misfire, and even an ardent supporter of the proposal admitted that it would be "a risky Russian roulette."

But Mr Clarke is adamant that the men should be asked to give their verdict quickly. "There is a lot of uncertainty in the nation about the way the miners are going to go. It is affecting the pound and the stock market. Everybody is on tenterhooks. We cannot go through Christmas like that."

"I think a ballot without a recommendation would be a disaster. Then they would be standing up to be counted. We have reached a stage where it is Arthur Scargill and Mick McGahey, or Jim Callaghan and the TUC. So let us put it to the membership. Let them determine if they say 'yes'."

The second course being considered by the moderates is a breakaway from the national agreement, allowing individual miners to take out their own deals for the high output collieries. Both the coal board and experienced hands on the union executive are wary of it.

The union is coming under intense pressure to preserve the Government's incomes policy, reaching from as high as the Prime Minister, I understand. Mr Callaghan has warned the miners' leadership that a strike that brought the heads of the state would let in a Tory government prepared to scrap the industry's cherished "plan for coal."

All those considerations will arise at a meeting of the executive on Thursday, when the board is expected to inform the union that its claim for £135 at the coal face from November 1, with proportionate rates elsewhere, breaches both the TUC's 12-month rule and the Government's 10 per cent limit on earnings.

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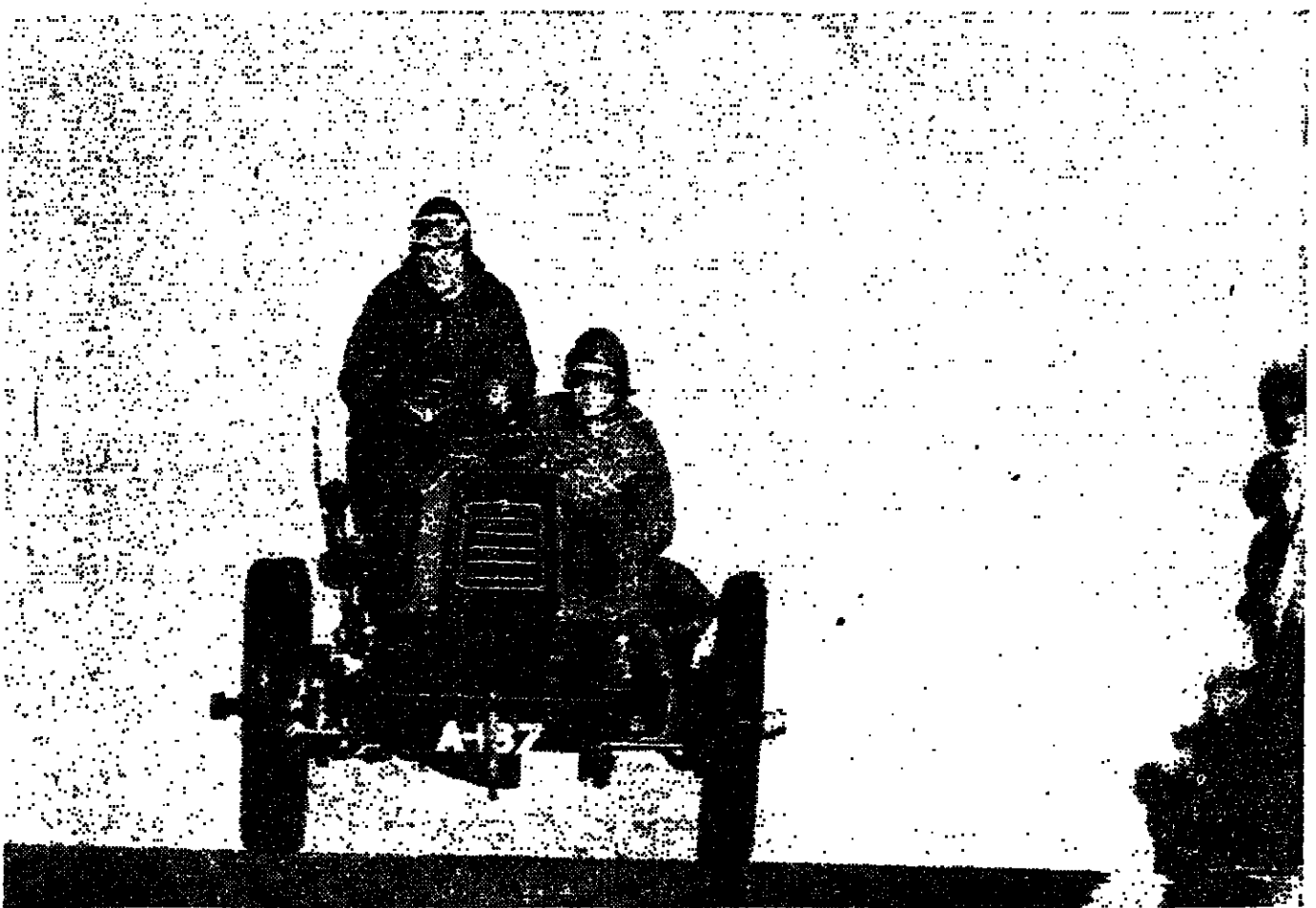
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A 1902 Mors racer, owned by Mr W. D. S. Lake, of East Grinstead, Sussex, during the London-to-Brighton veteran car run yesterday. Prince Michael of Kent competed in a 1903 Daimler. Mr Roger Collings, of Glamorgan, arrived first in a 1903 Mercedes.

## Leader of Chinese Triad to be deported

By Penny Symon

A leading member of the Wo Shing Wo Triad, a Chinese secret society, is being held at Harrow Road police station, in west London, pending deportation to Hongkong for not renewing his visa.

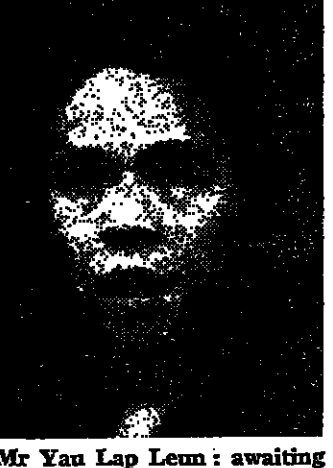
Mr Yau Lap Leun, also known as "George Pui", was arrested in July for the visa irregularity and taken to Bristol prison. He has made several attempts against deportation, and last Wednesday, after his final unsuccessful attempt, he was taken to Harrow Road by Scotland Yard detectives.

The date for his deportation has not been fixed. Meanwhile, he was being questioned yesterday by detectives about the activities of the Triads, and allegations that he is involved in protection rackets and the importation and distribution of heroin.

The allegations, published in The Sunday Times yesterday, are that Mr Leun is the highest ranking member of the Wo Shing Wo Triad, and the top figure in the trafficking of heroin from South-East Asia.

Scotland Yard detectives have found it difficult to penetrate the intense secrecy that surrounds the Triads. Full membership involves a long apprenticeship and an initiation ceremony where the new member must promise never to reveal secrets or signs of his society. The punishment for this is death by "myriads of swords".

The police began to investigate them last year when imports of heroin into the United Kingdom increased.



Mr Yau Lap Leun: awaiting deportation.

## Carter tour postponed for energy wrangle

From Patrick Brogan  
Washington, Nov 6

President Carter has postponed his trip to South America, Africa, Asia and Europe, which was due to begin on November 22. He has informed the various governments that the difficulties the energy Bills have encountered in Congress require that he should stay here.

He has just vetoed a Bill providing funds for the Clinch River nuclear reactor in Tennessee. It is the first veto of his Administration, and could be defeated only by a two-thirds majority in both houses of Congress. There is little chance of that.

Mr Carter was to have visited Caracas, Brasilia, Lagos, Riyadh, Delhi, Tehran, Paris, Warsaw and Brussels in a trip lasting 11 days. The usefulness of the tour was always a little obscure, especially since the heads of state or senior ministers of most of the countries involved have been in Washington recently.

The President would have discussed oil prices in Venezuela, Nigeria, Saudi Arabia and Iran and he would have continued the work of soothing the feelings of the Brazilians, which were much ruffled by his remarks about human rights in his early days as President. The visit to India would have marked a resumption of cordial relations after the long chill during Mrs Gandhi's rule.

When the visit was arranged, President Giscard d'Estaing clearly hoped that Mr Carter would help his Government in a difficult election. Now that the French left has split, American assistance is less necessary.

A visit to Brussels could never have any but a symbolic importance and least significant.

37 killed at US Bible college after dam bursts. Toccoa, Georgia, Nov 6.—At least 37 people, many of them students and their families asleep at a small Bible college were killed and 45 injured early today when an earth dam burst.

The wall of water fell over a 1866-ft waterfall in north-east Georgia on to the lower campus of Toccoa Falls Bible College, where 250 people lived in dormitories, houses and caravans.

Mrs Rosalynn Carter, the president's wife, flew the scene from Washington.—AP.

## S Africa may force foreign firms to make arms

From Ray Kennedy  
Johannesburg, Nov 6

The South African Government is ready to compel foreign and local companies to manufacture military supplies to counter the United Nations mandatory arms embargo, it was reported here today.

The Johannesburg Sunday Times reported that Mr Chris Heunis, the Minister of Economic Affairs, said he would apply extraordinary powers under the National Supplies Procurement Act "if forced to do so". The Act gives the Government powers to compel companies to fill in the gaps left by the embargo.

Should firms refuse to comply, the goods can be seized or their facilities taken over to produce them. Fines of up to £1,300 and two years' imprisonment are provided.

Mr Heunis emphasized that he would only invoke the Act if forced to do so. It was not in South Africa's interests, he said, to specify which goods might be affected by the embargo.

There are fears in some quarters of "creeping economic sanctions" with the arms embargo spreading to include a wide range of items from car spares to Boeing jets.

But there also appears to be a loophole in that countries are required to "review" and not to cancel at this stage existing licences and contracts. This would apply particularly to France, although it announced five months ago it would not supply any more arms to South Africa, stands to lose over £450m if existing contracts and licences are revoked.

## The Why, When, Where and How of Hine Cognac

# Where Hine?

Hine (pronounced to rhyme with the English "fine") comes from Jarnac, at the very heart of Charente where the best Cognacs originate. From there Hine finds its way to the heart of Cognac connoisseurs around the world, because Hine has a special appeal to the connoisseur of Cognac.

Each Hine designation has its own pleasure: ★★ on its own or with a mixer in convivial gatherings is available in most parts of Britain. The rarer Hine Antique and Hine OV are not so easily available. But if you seek you will find.

Hine VSOP is naturally available in all good hotels and restaurants where fine Cognacs are served. You might like to start a connoisseur's journey into the finer areas of Cognacs with Hine VSOP.

It is also available at all good wine merchants.

## Hine The Connoisseurs' Cognac.

For an informative leaflet on Cognac, send a postcard to Dept. TM 6th Floor, 1 Osnaston Street, London SW1Y 4EG.

## Senior civil servants to sue over pay

By Maurice Corina  
Industrial Editor

Legal action to force the Government to implement substantial salary increases for members of the nationalised industry boards and senior civil servants, is to be taken by the Institution of Professional Civil Servants.

Three years ago the Government froze big rises for chairman and statutory members of boards and senior state enterprises recommended by Whitehall's Review Body on Top Salaries.

Full increases recommended by the senior civil servants including permanent secretaries and departments to be paid in cash have not been paid.

Mr William McCall, general secretary of the IPCS, reveals in a statement issued today that his organization has decided to seek the high salary earners, but many have conceded differentials down the line.

"It is outrageous that the recommendations made in December 1974 have not yet been fully implemented for the grades in the civil service and not at all for members of the boards of nationalized industries."

"After taking counsel's opinion the national executive committee has now decided that legal action must be taken. It is regrettable that this would be the position. These problems ought to be solved by the process of discussion and negotiation; but when a government acts without principle in total negation of all the merits of a case, every other alternative must be explored."

What kind of legal redress is open to the institution is not clear.

Mr McCall said last night: Counsel's opinion was quite clear that the whole situation employment implied higher pay being awarded for promotion, and that is manifestly not happening at the moment. We have the silly situation where people would be earning more if they stayed in a lower executive capacity and did not try to get the reward of a nationalized industry."

## Chancellor to see tax men over cash claim

By Fred Emery  
Political Editor

Inland Revenue staff representatives, complaining of "budget fatigue" from the tax changes this year, are to meet Mr Healey, Chancellor of the Exchequer, today to try to settle their demand for a cash bonus.

If he is unforthcoming, the latest tax relief and rebates intended for pre-Christmas pay packets are certain to be delayed, according to Mr Anthony Christopher, general secretary of the Inland Revenue Staff Federation.

The Federation's 29-member national executive, which is meeting Mr Healey for the first time, has drawn up contingency plans. Mr Christopher said yesterday that they included refusal to implement the latest economic measures which he admitted raised a direct challenge to Parliament, and a ban on overtime.

Mr Christopher said that the system had gone wrong when such "impeccably responsible civil servants" as his tax officers were near revolt. He said his request for a flat £100 bonus, which he contends would not violate pay policy, had been rejected, but that he had otherwise had a sympathetic response from ministers.

Of his 50,000 members, Mr Christopher said: "I have never seen a reaction like this. The staff are saying 'Enough is enough.' Up and down the country tax officers were attending union meetings in unheard-of numbers. At one at Manchester last week, 1,500 had tried to stand in a hall with only 500 seats and the police had to be called."

He suggested that their burden must be "unique in Britain". They were "being paid to pick up 50lb, and now they are being asked to pick up 65lb", he said, referring to the latest reliefs coming on top of a "mucky" alteration of 4,500,000 tax codes over cuts in mortgage rates.

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## Economists' attack on floating pound

Three leading British academic economists today attack the policy of allowing the pound to float upwards on international currency markets. The attacks, in articles in two economic journals, are articles in two economic journals, in which the Government should have taken alternative action to prevent the speculative inflow of foreign money. Page 23

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## Move to publicize British resorts

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## Anti-Soviet protest

The name of President Eanes of Portugal was booed by demonstrators in Oporto at the weekend. A bomb exploded under a car outside army command headquarters. The demonstrators were protesting against the celebration in Portugal of the Russian Revolution's anniversary. Scuffles broke out with extreme left-wing groups. Page 4

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## HOME NEWS

## IRA reburies hunger striker's body in martyr's grave

From Christopher Walker Belfast

In a macabre ceremony presided over by a Roman Catholic priest, the Provisional IRA has secretly reburied the body of Frank Stagg, who died after a hunger strike in a British jail last year, and reburied it in a republican plot nearly one hundred yards from his original grave in Ballina, Co Mayo.

The transfer took place early yesterday at The Leigue, a bleak hillside cemetery a mile from the market town, where Mr Stagg was buried under strict government supervision 21 months ago.

When he died in Wakefield prison he was serving a 10-year sentence for his part in attempting to form a Provisional IRA unit in Coventry. The previous government had great lengths to ensure that the Provisional IRA was unable to provide the promised martyr's funeral.

The coffin was sent by air from Britain to the republic, but the flight was diverted at short notice from Dublin to Shannon. The coffin was kept in the airport mortuary before burial under heavy guard in Ballina. The family said the grave had been dug by the Irish Special Branch. All attempts to permit Mr Stagg to be buried next to Michael Gaughan, another hunger striker who died, were resisted.

The Irish police mounted a 24-hour guard on the grave for seven months. But late last year the guard was ended and, according to local republicans, 30 of concrete were poured on to the grave to prevent it being tampered with.

From the outset the Provisional IRA vowed that Stagg would eventually be buried with what it described as "full military honours". Yesterday's operation has provided the organization with a propaganda boost at a time when it is suffering setbacks at the hands

of the security forces in Northern Ireland.

According to local reports, the Stagg family bought the burial plot next to the original grave to prevent it from being used. Early in the morning Provisional IRA men tunneled 9ft down from the neighbouring plot and removed the coffin.

At 9.30 am a Provisional IRA member telephoned Mr Stagg's widow in Coventry to tell her that the body had been reinterred "reverently" in the presence of a priest.

Later the police in Co Mayo confirmed the basic outline of the report. Special Branch detectives yesterday began interviewing local IRA sympathizers. Mr Collins, the Minister for Justice, refused to comment.

In Northern Ireland the Provisional IRA claimed responsibility for firebomb attacks overnight in seven towns. About twenty incendiaries were planted, but because of the vigilance of the public, prompted by RUC warnings on television, several were defused. Other devices failed to explode properly.

Two shops and a large shopping complex were wrecked in one blast, which came after a day in which shoppers in Belfast had been subjected to elaborate bomb hoaxes.

Mr Robert Overend, a former Unionist member of the Convention, escaped an ambush when a 4lb boobytrap bomb exploded on his farm in Co Londonderry. The device was attached to a wheelbarrow and exploded when his son attempted to lift it. The boy was shocked, but escaped injury.

Relatives and friends of many of those killed over the past eight years gathered outside Belfast City Hall yesterday for the annual Witness for Peace remembrance service. A large number of white crosses were planted in gardens outside the building, one for each of the victims.

## SDLP conference clears ground for new talks

After the close of the Social Democratic and Labour Party Conference last night the way is open for the British Government to launch a new round of talks aimed at achieving agreement on interim devolution for Northern Ireland.

Observers believe that talks will begin before the end of the month, and will take place initially between each party and the Government separately. If sufficient points of agreement can be found an attempt to bring the parties together is likely next year.

The most probable topic will be a proposed local assembly of 78 members, which would have administrative powers over a number of local government functions. One proposal will be to divide the assembly into committees, with representatives of all main parties allowed to take the chair.

Although the SDLP did not vote specifically on the subject of interim devolution, the 500 delegates at the conference gave their leaders a clear mandate to begin negotiations on the basis of a policy document

that received almost unanimous support.

Despite the general mood in favour of joining fresh talks, there were plenty of reminders in both public sessions and private conversations of the wide gap that remains between the SDLP and Protestant politicians.

In his central speech to the conference, the party leader, Mr Gerard Flitt, MP for Belfast, West, defended the decision to boycott the Queen's Jubilee visit. He said to loud applause that the SDLP would never abandon its support for the reunification of Ireland by peaceful means.

"The SDLP wants to reach an accommodation, and a unity of trust with Unionist fellow-countrymen," he said. "But in doing so we must not be asked the close our eyes or condone by silence what has been happening in Castlereagh police station."

Mrs Carter's visit: President Carter's visit: Mrs Lillian Carter, is due in Dublin tomorrow with 240 Americans of the Friendship Force for an eight-day visit to the republic (the Press Association reports).

## Tories see no hope of timely EEC elections

By Our Political Editor

The Conservative Front Bench appears to have given up all hope of European elections being held on time next summer, although the Government's new Bill is being re-introduced on Wednesday.

Mr Douglas Hurd, opposition spokesman on European affairs, accused the Government of having "thrown away the last chance" by failing to give the elections priority over everything else in the Queen's Speech.

Mr Callaghan maintains that elections can be held next year, but only if Parliament accepts the so-called regional list system of election, a form of proportional representation.

Since there is to be a "free vote" in the House of Commons on the election method, the Tories are assuming that a majority will emerge in favour of the traditional first-past-the-post system. Mr Hurd, however, insisted that even if the House chose the regional list system there would still not be enough time to organize an election by June.

He hoped the Community would not go ahead without Britain, and that they would choose a realistic date in late 1978 or early 1979.

The point is that it would require much more time to delimit the new constituencies for the regional list system than for a regional list. However, Mr Michael English, Labour MP for Nottingham West, was not thanked by the Prime Minister for raising in the House the possibility of centuries constituencies in this country were changed by being scheduled to the Act of Parliament concerned.

## Shot man had been 'caught' while poaching

From Our Correspondent York

Mr John Partitt, aged 28, who was shot dead in the North Yorkshire estate, struggled with a gamekeeper who caught him poaching on Friday night, according to his father.

Mr William Partitt, who lives near his son's home in Grange Road, Moorlands, near Thorne, South Yorkshire, said yesterday that his son had been poaching with a friend near Goolie and the gamekeeper discovered them. There was a struggle, a gun went off, and his son was shot in the chest. Earlier Det Chief Supt Strickland Carter, head of North Yorkshire CID, issued a statement saying that all persons connected with the incident had been interviewed and no criminal charges were being preferred.

On Merseyside, a fire engine was involved in a collision with a car on a bridge, causing damage to the bridge and the car.

Mr Colin Peacock, aged 23, and his wife, Christina, aged 22, who both work as waitresses at the Norwich Crown Court, in August to murdering their baby son, were found guilty of manslaughter and all treatment.

Mr Justice Paine after the trial called for inquiry into why health visits were not made to the baby during the last four weeks of his life, at Soham.

Mr Arthur Lamb, JP, Derby juvenile court chairman, will call for inquiry into why members of the Miss Mary Harnall, divisional director of social services at Reading, and Mrs Betty Willis, child health nurse for Devon.

The London Fire Brigade said it answered 122 calls to fires about half the usual number. Last year we had 204 bonfire calls and we normally get well over two hundred on November 5," it said.

Teaching of English (NATE). They seem immune to cries from employers and universities bemoaning the impression that school-leavers are not equipped with the language skills necessary to function in the world at large.

The authors say that they do not deny the teaching of expressive language and poetic language. Indeed, they recognized that the NATE lobby played an important part in fighting useless mechanical English teaching. "But we cannot accept the low priority it gives to the teaching of generally accepted rules of communication like spelling and punctuation."

The authors speak of the dangers inherent in interlocking scores achieved in language or verbal reasoning tests. They cite recent research in which a boy's intelligence score increased in six months from a quotient of 57, below the level of an ape, to 131, the level of a potential university graduate.

Language and Reading Among Under-achievers: A Practical Review of Research (NFER Publishing Company, Davison House, 2 Oxford Road East, Windsor, SL4 1DF).

Further criticism of the alleged failure of teachers of English to give sufficient attention to the teaching of basic language skills is contained in a book published recently by the National Foundation for Educational Research. It also gives a forceful warning against laying too much store by tests that are increasingly being used to measure those skills.

In a report on language and reading among under-achievers, Caroline and David Mosely say: "During the past 30 years, in which social barriers seem to have become less rigid, communication media more widespread, and investment in education has been high, it is disappointing to find that no improvement has been achieved by the school."

Part of the blame, the authors suggest, lay with a small but influential body of opinion which was constantly stressing the importance of English for self-expression rather than communication. Most were members of the National Association for the



A Royal Naval Fleet Air Arm Seafire going on display near St Paul's Cathedral for the Lord Mayor's Show on Saturday. The Lord Mayor-elect, Sir Peter Vanneck, once piloted one.

## Inquiry into firework party death

By a Staff Reporter

Home Office scientists and explosives experts will begin an inquiry today into Britain's first firework fatality since 1971.

Mr Kenneth Jones, aged 46, an official firework lighter at a bonfire party organized by a local youth club, was killed on Saturday night when a rocket exploded in his face, causing severe head and facial injuries.

Mr Hugh Ingles, Mayor of Prestatyn, said he was satisfied that every possible safety precaution had been taken. "Mr Jones strongly believed that this was a bonfire party, and he was celebrating rather than having children at risk, and he has given his life to that principle."

The Firework Makers' Guild said yesterday: "We have never encouraged firework displays. We believe the safest celebrations are properly supervised 'back garden' bonfire parties with small fireworks only."

It added that it seemed that in most areas bonfire night had passed quietly, with safety precautions being observed.

Three firework accidents involving hospital treatment occurred in London. At Leeds 11 firework 10 people were detained overnight with firework injuries. The hospital said that two children suffered eye damage which might prove long-term.

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## Present and past Attorneys General differ in approaches to their work

By Marcel Berlins

Deep in the recesses of the legal press and in unheralded speeches to university law societies the present and immediate past Attorney General, Mr Samuel Silkin, QC, and Sir Peter Rawlinson, QC, have been venturing their differing approaches to the job.

In a recent issue of the *Guardian* Sir Peter wrote: "An Attorney General ought to be a 'doofer' from his colleagues in the ministry" to quite a considerable extent. Even in ordinary matters of law affecting the Government he should attend upon Cabinet, give his opinion, and leave."

That approach was short-sighted, Mr Silkin said in a speech he has delivered at Sheffield University and at the London School of Economics. "The law officers, to do their duty properly, must be fully conversant with the intentions and policies of their colleagues and the reasons for them and the manner in which they desire to give effect to them and even in the way in which each of their colleagues' minds tends to work."

Mr Silkin denies that the Labour law officers have spent significantly fewer days in court than their Conservative predecessors. More fundamentally, he suggests that it is the duty

"Only so can they give full and adequate advice. To distance themselves too far from their colleagues is to render their advice less relevant and to ensure that it is less likely to be accepted."

In his article Sir Peter, mentioning the frequency of his appearances in court when he was Attorney General, goes on to suggest that the apparent decline "in very recent years" of the law officers' appearances in the courts might have led to the impression that the offices (sic) had become oriented towards the ministry and away from the courts.

Moreover, he continues, the rejection of the "traditional" knighthoods by Mr Silkin and by Mr Peter Archer, QC, the Solicitor General, might have served to make the offices appear more akin to Whitehall than to the courts, and to emphasize the political rather than the legal approach.

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## Battered baby death inquiry starts this week

From Our Correspondent Norwich

A private inquiry into the death of Simon Peacock, aged seven months, of Centre Road, Soham, Cambridgeshire, from a brain injury, will begin at 10.30 am on Thursday.

Mr Colin Peacock, aged 23, and his wife, Christina, aged 22, who both work as waitresses at the Norwich Crown Court, in August to murdering their baby son, were found guilty of manslaughter and all treatment.

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## Few tests on animals for cosmetics, survey shows

By Michael Rossington

A Home Office survey of animals used in scientific experiments is expected to show that only a minute proportion of the 700,000 used in the cosmetics industry.

Early indications, from a small sample, that less than 2 per cent of animals are directed into that area challenge claims by anti-vivisectionists that up to two-thirds of experiments are now years to the cosmetics industry.

Professor Sam Shuster, a leading dermatologist, who defends the widespread use of animals, called yesterday for a realistic reappraisal of our attitude to animal research. "He said the evolution of a code of practice by scientists would be a much safer mechanism than fresh legislation, such as the anti-vivisectionists are demanding."

The new findings arise from a decision by the Home Office last year to gather more information from establishments licensed for animal experiments. A pilot survey was

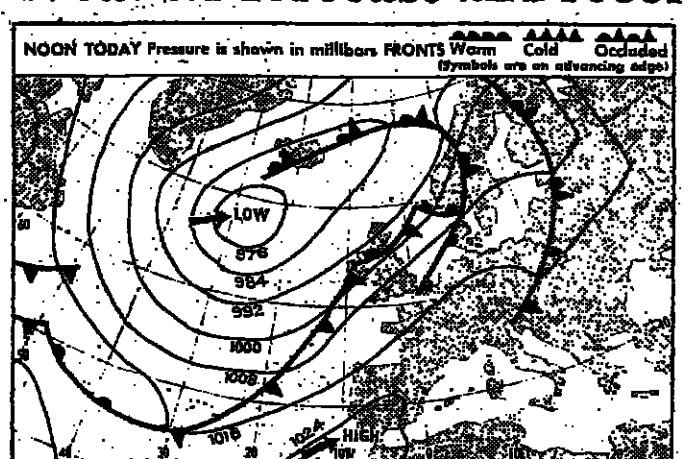
launched to test how annual returns should be submitted and it is from that study, involving fewer than one licensee in 50, that Professor Shuster has drawn early conclusions.

Professor Shuster says the pilot study is large enough to be representative and indicates that more than three-quarters of experiments are directly concerned with medical research and drug development.

Professor Shuster said: "Obviously, the 'exact size of the smaller figures will have to await the full returns next year, but it is already clear that at the very most, cosmetics, toiletries and so forth will account for no more than 1 or 2 per cent of the total, and not two-thirds."

The pilot survey is also understood to show that most experiments are conducted on rats and mice, and only about 1 per cent on cats and dogs.

## Weather forecast and recordings



Today Sun rises: 7.4 am, sets: 4.24 pm. Moon rises: 2.1 am, sets: 2.36 pm. New moon: November 11. Lightning up to 4.54 pm to 6.36 am. High water: London Bridge, 9.45 am, 5.8m (19.0ft); 10.28 pm, 6.2m (20.4ft). Avonmouth, 3.10 am, 10.5m (34.3ft); 3.55 pm, 11.0m (36.2ft). Dover, 7.24 am, 5.7m (18.6ft); 7.59 pm, 5.8m (19.1ft). Hull, 1.59 am, 5.1m (20.0ft); 2.56 pm, 6.2m (20.3ft). Liverpool, 7.40 pm, 7.8m (25.5ft); 7.59 pm, 5.1m (26.5ft).

A SW airstream covers the British Isles, with troughs of low pressure crossing N districts. Forecasts for 6 am to midnight: London, East Angles, SE, Central NE, Central S, England, Midlands, Channel Islands, Mainly dry, rather cloudy, bright spells; wind SW, moderate, freshening; max temp 14°C (57°F). Wales, NW, SW, NE, England, Lake District, Isle of Man, Occasional rain, becoming more widespread and heavier, mostly with rain and fog patches; wind SW, fresh or strong, perhaps gale near coasts; max temp 15°C (59°F). Berks, Edinburgh and Dundee, Aberdeen, SW Scotland, Glasgow, Central Highlands, Moray Firth: Rain at times, mostly cloudy with light fog; wind SW, fresh or strong, perhaps gale; max temp 12°C (54°F). NE, NW Scotland, Argyll, N Ireland: Rain, mostly cloudy, probably clearer later; wind SW, moderate or fresh; max temp 12°C (54°F). Orkney, Shetland: Rain at times, mostly cloudy; wind SW, fresh, max temp 11°C (52°F).

Outlook for tomorrow and Wednesday: Changeable; some longer periods of rain, more over England and Wales; temp normal, but above 15°C. Sea passages: S North Sea, Strait of Dover, English Channel (E): Wind SW, fresh, increasing to strong; sea moderate, becoming rough. St George's Channel, Irish Sea: Wind SW, strong or gale; sea very rough.

WEATHER REPORTS YESTERDAY MIDDAY: c, cloud; d, drizzle; f, fog; r, rain; s, sun; sn, snow.

Area	Temp	Wind	Cloud	Temp	Wind	Cloud
London	12	SW	c	11	SW	c
Birmingham	11	SW	c	10	SW	c
Manchester	10	SW	c	9	SW	c
Cardiff	11	SW	c	10	SW	c
Belfast	12	SW	c	11	SW	c
Edinburgh	11	SW	c	10	SW	c
Glasgow	11	SW	c	10	SW	c
Newcastle	11	SW	c	10	SW	c
Sheffield	11	SW	c	10	SW	c
Nottingham	11	SW	c	10	SW	c
Leeds	11	SW	c	10	SW	c
York	11	SW	c	10	SW	c
London	12	SW	c	11	SW	c
Birmingham	11	SW	c	10	SW	c
Manchester	10	SW	c	9	SW	c
Cardiff	11	SW	c	10	SW	c
Belfast	12	SW	c	11	SW	c
Edinburgh	11	SW	c	10	SW	c
Glasgow	11	SW	c	10	SW	c
Newcastle	11	SW	c	10	SW	c
Sheffield	11	SW	c	10	SW	c
Nottingham	11	SW	c	10	SW	c
Leeds	11	SW	c	10	SW	c
York	11	SW	c	10	SW	c

## Disruption at 'Mirror' ends for pay talks

By Christopher Thomas Labour Reporter

Journalists at Mirror Group Newspapers in London voted last night to end disruptive action at the *Daily Mirror* to pave the way for talks tomorrow with Sir Percy Roberts, company chairman.

Six times in eight days full production has been prevented by members of the National Union of Journalists, with a loss of 2,600,000 copies. The *Sunday Mirror* and the *Sunday People* were not published in London yesterday, although production was normal in Manchester.

Members of NUJ chapel (office sections) at the newspaper met intermittently during Saturday. The management said that as no work had been done by 8.30 pm production in London was impossible.

The journalists' action was in support of a claim for £3,000 a year as payment for working with new technology, and big increases in salaries, and expenses. Sir Percy acted at the *Daily Mirror* lost a million copies in Saturday.

Journalists at the *Daily Mirror* were told last Wednesday that they would be considered to have left the company's employment if the disruption did not end. NUJ members at the newspaper have rejected a phase two increase and improved allowances worth £20,000 a year as payment for working with new technology, and big increases in salaries, and expenses.

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## Assaulted wives demand state cash for refuges

The National Women's Aid Federation, which represents battered wives, agreed at a national conference in Leicester yesterday to press for new laws to provide long-term financial help for women seeking refuge and to make every local authority provide such a home.

Mrs Frances Budd, a leading committee member who works for a Newcastle aid centre, said later that the federation was under great pressure. "Nearly all our homes are overcrowded and short of money."

Some homes had been forced to close because of shortage of money, she said.

Police seeking the killer of Alan McAlister, aged five, of Hawthorn Road, Abbrington, Strathclyde, whose unclad body was found in a brook on Friday after he left school, said yesterday that they were seeking a fair-haired boy of between 11 and 14.

## Boys' killer sought

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## Five children hurt in cinema collapse

Five children were injured, one seriously, last night when a disused cinema where they were playing collapsed.

Three other children escaped unhurt when the roof of the cinema, at Annitsford, Tynce and Wear, caved in.

The cinema had been boarded up for five years. Demolition started last week.

Paul Ainsley, aged 14, of Annitsford, was seriously injured and was taken to Newcastle General Hospital with head injuries. David Rowntree, aged 10, and Anthony Friar, aged 13, were "fairly satisfactory" in hospital.







## HOME NEWS



Coalfield capers: The miners held a festival at the weekend to celebrate thirty years of nationalization (Paul Toulme writes from Blackpool). The first Mining Festival, held in the Winter Gardens, brought together a host of social and cultural events that usually take place in the coalfields throughout the year, including the Coal Queen contest, safety competition, and contests for pit contents and brass bands. There was also the Leigs & Co dance group, pictured above at the Tower Circus.

It was, by common consent of the 25,000 miners and their families gathered in Blackpool, a huge success. The heady

political issue of the day, and when the miners intend to do about it, took second place to the industry's traditional gregariousness. There was enthusiastic participation in the festival's chief 'fringe' event, the Drinkathon. All the competitors considered themselves winners, and this morning's shift may be a few men short at some collieries.

The events culminated in a grand finale in the Opera House yesterday that could happen only in coalmining: a male voice choir, Grimthorpe colliery brass band; one of the increasingly rare British Leyland cars as the top prize in the lucky draw; and a pitman in his woolly

cardigan nervously presenting his eight collier sons, a workers' dynasty in the best tradition.

Mr. J. J. Welsh, aged 59, a Scotsman who works at the Silverdale colliery in north Staffordshire, brought his sons on to the stage one after another to rapturous applause. The ninth, still at school, wants to be a professional footballer, or a miner. A firework display on the promenade stopped the traffic. The Coal Queen confessed that her life's ambition was to meet Cliff Richard. A car driven by petrol refilled from coal roared the sea front. And the miners seemed to see a facsimile of coalface in operation.

## Liberals hope Steel tumbler will be a chariot

From Ronald Faux

There has been much rubbing of hands lately in the rambling border constituency of Roxburgh, Selkirk and Peebles over the likely damage being done to Mr. David Steel, the incumbent MP, by the crisis within the Liberal Party.

To judge from the considerable exultation among his Tory and nationalist opponents, the tumbler has started to roll and Mr. Steel's political epitaph is all but written. He is the leader of the Liberal Party, a man of cool political judgment with more influence than most over the timing of the next general election which could be two years away. By then, according to Liberal hopes, the tumbler should be transformed into a chariot.

Mr. Steel has already survived worse personal storms in the 12 years he has held the constituency. His own promotion of the Abortion Bill and his unequivocal opposition to the South African rugby tour, in an area addicted to rugby, probably brought the Conservatives to within a few hundred votes of winning the seat. By October, 1974, the majority had returned to its normal 6,000-plus.

Mr. Thomas Riddle Dumble, the Liberal agent, was not too anxious. The Tories, who had presented a different candidate

at each of the past four elections, seemed to be bickering over a head count, he said. "They say they have 8,000 members now and this is 2,000 more than when the 'Lib-Lab' pact was announced. What they omit to say is that at one time the Tories here claimed 10,000 members, and that was after David Steel was elected. I do not like arguing about politics in this way, but whatever happened to the rest?"

In the Liberal view the surge of support for the Tories is no more than the natural movement of a party ruled firmly by the Liberals. Some accept that Mr. Steel is playing a risky game, which could ultimately affect the three Scottish seats, out of a total of 71, that the party holds. That would be particularly so if the Liberals arrived at the next general election carrying little credit for having achieved a prolonged period of stable, moderate government, free from Labour or Conservative excesses.

Mr. Dumble doubted that the party leader would allow that to happen. On a more mundane but to him highly relevant level, he observed: "The Tories are doing extremely well, never better than now. The Liberal clubs are excellent. The border Liberals had shown a lot of admiration for Mr. Steel's style of leadership and the course along which he was guiding the party. It was

positive, new, and when it has proved correct beyond doubt, the Liberals could expect to harvest the credit for being a practical part of government. That, at least, was the theory.

Border folk are conservative in the restrained rather than the political sense. There is sympathy for Mr. Steel's position as leader of a struggling and vulnerable party presented with a scandal of such proportions as the Scott affair.

Even so, the Scottish National Party had already doubled its vote in the constituency between the 1974 elections and argues strongly on the issues of farming and fishing, which, along with energy policy, they would seek to know and, most recently, there is any disenchantment with Europe among the voters of Roxburgh, Selkirk and Peebles, the nationalists would be most likely to benefit and Mr. Steel, a deeply committed European, most likely to be harmed.

Again, Mr. Dumble was unworried. Perhaps there were some farmers in particular, who were disgruntled about Europe, but such local industries as tweed manufacture, knives and, most recently, electronics, depended heavily upon exports. For them, Europe was a vital market best entered without tariff barriers. Mr. Gerald Malone is the Conservative candidate con-

fronting Mr. Steel. He is aged 27, a Glasgow lawyer who earlier fought the Provan and Pollok parliamentary seats in Glasgow. He counts himself as sharing the same sort of background as David Steel, and noted: "I'm sure the irony of that is not lost on him." It was the rise in membership during his 14 months as candidate which prompted Mr. Edward Taylor, the Opposition spokesman on Scottish affairs, to mark down Roxburgh, Selkirk and Peebles as a likely gain at the next election.

The Tories have held second place in the seat ever since Mr. Steel won it from them at a by-election in 1963. They launched a membership campaign just as the 'Lib-Lab' pact was announced and considerably boosted membership. A second campaign is planned for the spring.

"The Liberals are rather vague about their membership, but we won 2,000 people with name and address attached," Mr. Malone declared. He admitted the nationalists had become much more active, but that would probably hurt the Liberals more than the Conservatives. It was not inappropriate that the SNP would promote Mr. Steel's majority and let the Tories in. "I would prefer not to win that way," he said, sportingly. "But if we do, I would be the last to complain."

## Assembly Bill 'will not hush Scotland'

The Government will be miscalculating, if it interprets apparent apathy in Scotland over the new devolution Bill as a sign that the Bill has achieved its object of hushing the demand for Scottish independence, Mr. James Sillars, chairman of the Scottish Labour Party, said yesterday.

Cosmetic changes could not hide the fact that the new Bill did not differ in essence from the 'acutely depressing' White Paper of December, 1975, he said in Edinburgh.

An assembly that had no direct influence on the Scottish economy and was important on the question of oil resources would not for long satisfy an increasingly self-confident and assertive Scottish nation.

Mr. Sillars, MP for Ayrshire, South, added: "The day is gone when the Scots will be brought off with the shadow of home rule."

## Leaving 'Dr Who'

Louise Jameson, aged 26, who has appeared as a space traveller in Dr Who on BBC 1 for the past two years, is to leave next month to concentrate on her stage career.

## Prisoners' medical group to collect drug use facts

A group called the Medical Committee Against the Abuse of Prisoners by Drugs has been set up to collect evidence on drugs use in prisons, it is announced today.

Prop. the national prisoners' movement, which formed it, said it had done so because of concern about "the already widespread, and growing, use of drugs as a means of control inside our country's prisons," and the alleged use of pri-

## BBC reviews local radio's first decade

By Kenneth Gosling

On a chilly Wednesday morning 10 years ago tomorrow Edward Short, the Postmaster General, hurried into Eric House, Leicester, after a fog-delayed journey from London to open the BBC's first local radio station.

Today the BBC has 20 flourishing local stations, some competing with commercial radio. The original objective of home town radio is still firmly at the forefront of the programmes.

Leicester has an independent competitor, broadcasting on a better frequency than itself, a sore point with the station manager, Mr. Owen Bentley, and even more irritating to the local broadcasting council.

The service provided is a far cry from the days of its infancy, when no locally originated programme lasted more than 15 minutes and listeners were mainly retailed with network products like *The Dales*, *The Archers* and *The Weylark*.

Today local broadcasts go out continuously from 6.30 am to 1 pm and 3 to 7.30 pm. Considerable thought is given to

programmes for Asians, since they constitute one in five of the population.

There is great pressure for more air time and one scheme being discussed is a Monday evening "Help-line" programme for young Asians. It would be an attempt to bridge two cultures as Asian children, westernized in their attitudes, find a gulf opening between themselves and their parents.

All station managers have complete independence. Mr. Michael Barton, the BBC's controller of local radio, visits each twice a year. Commercial radio programmes are aimed at a younger audience than the BBC's. A relaxation of the appeal is more to the older age groups, starting with the mid-20s.

Community involvement is central to all regional stations. Groups who want to broadcast are given professional advice in preparing their programmes. The stations are not prepared to try the American system of giving groups complete freedom of the air because they say it makes for studio chaos and poorly produced programmes. Reception difficulties are recognized and there are long-term plans for a number of stations to have their signals boosted.

Mr. Barton sees the role of the BBC's stations as comple-

mentary to that of commercial radio. They cater for different appetites, he says. "Our speech content is higher, something like 70 per cent to 30 per cent music."

The BBC men are against any kind of advertising and they are also opposed to the idea of regional broadcasting financed from local sources, which was put forward in the Annan report on the future of broadcasting.

The BBC has issued a list of 45 more stations it wants to develop and is paring it down to a shorter priority list. Mr. Howard Newby, managing director of BBC radio, has spoken to about 300 MPs since the announcement of the plan in March. They do not, he feels, fully understand the implications of allowing commercial radio to expand while the BBC's development plans are frozen. A White Paper on the Annan report is due in January.

Meanwhile, in Leicester, Mr. Bentley is preparing to face his advisory council to thrust out a question whether Muslims, Sikhs and Hindus should be given time on *Thought for the Day*, so far a predominantly Christian programme. Since he is against such a development, he promises to be as interesting a battle as Leicester has had in its first 10 years of life on the air.

## Easing Rent Act 'would not provide more lettings'

By Our Planning Reporter

The view that the decline in privately rented housing is due to restrictive legislation is disputed in a report published yesterday by a working group of law centres.

It is said that claims that the Rent Act, 1974, is mainly to blame for a lack of lettings are not supported by any reliable statistics. A relaxation of the law would not produce more lettings but would have the opposite effect.

The report adds that well-affected figures show that the decline of the private sector accelerated sharply after the removal of rent controls in the recovery of possession by the Rent Act, 1957.

"Owners simply evicted their tenants and sold for other occupation, and they would

surely do the same again now, happily taking the opportunity to realize their capital profits and get out of a market which they know is doomed in the long run."

The report, submitted in evidence to the Government's review of the rent Acts, is based on the experience of 25 law centres concerned with the enforcement of tenants' rights. The authors' dislike of landlords is clearly due to their preoccupation with exploitation, and so they may not provide an objective view of the private sector as a whole.

Rent Act, 1975: Law Centres Working Group's submissions to the Department of the Environment. For copies of the Report, contact Community Law Centre, 42-43, Chancery Lane, London, WC2A 3PL.

## WEST EUROPE

## Portuguese crowd boos the name of President Eanes in anti-communist demonstration

From Jose Shercliff  
Lisbon, Nov 6

The name of Portugal's President, General Eanes, was booed by a crowd of several thousand during a street demonstration this weekend in Oporto.

During the anti-government demonstration, calling for vigilance against the Soviet threat, a bomb exploded under a car outside the city's army command headquarters, scattering between demonstrators and left-wing groups were reported as the crowd gathered in the city's main square.

The demonstrators marched to Army headquarters where they sang the national anthem and voiced their support of the local commander, Brigadier Feres Veloso, who is giving up his command.

The brigadier received the leaders of the demonstration, who included Senhor Vera Lagoa, a well-known journalist. Senhor Lagoa, a leader of protest being sent to President Eanes, complaining of the Portuguese national celebration of the Russian revolution which had government approval.

This was "an offensive to gain power," the letter said. The delegation expressed regret

at the departure from Oporto of Brigadier Veloso.

The brigadier later addressed the demonstrators, saying that the letter "undoubtedly expressed the feelings of the majority of Portuguese." He promised that he would hand it to President Eanes.

The crowd dispersed with shouts of: "Down with the Government" and "Down with Soares". As they dispersed they clashed with groups of youths shouting: "Death to fascism". Several people were injured.

The slogans against President Eanes follow a series of indirect attacks on the President's activities. When he spoke before the Assembly of the Republic last month, issuing an ultimatum to the political parties to work together in the national interest, the reception was cool.

The leader of the Social Democrats, Senhor Sa Carneiro said the President had said nothing new. The reactions of the Socialist Party Minister, Dr. Mario Soares, was that the "urge to find a directive platform for the measures necessary to put the country right must not be confused with the sharing of power and even less with a coalition government". He insisted that the Socialists must be dominant.

In an interview published in the right-wing daily newspaper *O Dia*, Dr. Sousa Franco, of the Social Democratic Party, criticized President Eanes, saying: "He is just as responsible for the political crisis as the parties are, if not more so." He accused the President of not displaying enough initiative in promoting dialogue between the parties.

The former Minister of Agriculture, Senhor Lopes Cardozo, who is considered a dissident from the Socialist Party, has announced that the new group which he formed, called Brotherhood of Workers, may become a political party.

Another new group has just been formed in Oporto, calling itself Socialist Reflection and Action. It supports workers' participation in business and industry.

The Government is due to present documents to all the four Opposition parties in parliament this week making clear the points on which it considers it essential to reach agreement to overcome the economic and social crisis.

## Socialists stand firm on union of the left

From Ian Murray  
Paris, Nov 6

M. Francois Mitterrand, Socialist leader, today declared himself ready to meet his Communist partners in the Union of the Left "without conditions, without preambles and without delay", but he did it in such a way as to make it quite clear that he will in no way change his party's position.

He was speaking to Socialists at a national convention which has been meeting this weekend to draw up the policies for the elections in March.

In his 90-minute speech he was most concerned by the unity of his own party which has been threatened in the past week by a statement from a left-wing Ceres group calling for a resumption of the dialogue with the Communists: "I only want to win is not to question yourself about what others want but about what you want," he said.

It was wrong to make such concessions, as Ceres seemed prepared to do. The Socialist Party could not win its battle for the union if some of these concessions were made.

The Ceres idea of taking up the dialogue with the Communists again was only being defended two policies at the same time. "You can only have one policy for the month to come."

"It is not possible in a difficult battle to be on the look-out to see if the comrade or the friend is in step. You cannot have a constant watch for harmony."

Mitterrand returned to the theme of "an historic compromise" which he mentioned in a speech last weekend as being a friend of government of the left. He pointed then to what he saw as the danger of the Communist Party being prepared to form some kind of union with the governing majority in order to obtain power.

Mitterrand considered the real debate centred on the sharing of the powers of the state and recalled the wish of the Communists to split up the Ministry of the Interior and to nationalize 729 new companies.

He said that the Communists were not only a danger to the country but also a danger to the economy.

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## Increase in serious crime is partly blamed on the amnesties granted by King Juan Carlos

## Spain brings back night watchmen

From William Chislett  
Madrid, Nov 6

Spanish police are so alarmed by the increase in crime since the granting of General Franco that the Government decided at the weekend to bring back night watchmen—phased out after the General's death—to help to combat the crime wave.

A royal decree signed by King Juan Carlos and published in the official State Bulletin yesterday stipulated that *serenos*, the traditional night watchmen, will be back on duty within three months, and armed for the first time.

They will work in towns with a population of more than 100,000 in close conjunction with the police.

According to figures supplied to *The Times* by the Directorate General of Security there were a total of 59,234 robberies last year and 42,538 in the first six months of this year. This rise continued at the present rate then by the end of 1977 robberies will have increased by 44 per cent.

The number of *robos* and *atracos*, robberies respectively without and with violence, have gone up most. But rapes, murders and assassinations with political motives are also on the increase.

In 1976 there were 287 rapes, 94 murders and 24 assassinations. In the first six

months of this year the figures were 198, 53 and 24.

The increase in crime is blamed mainly on the rise of unemployment and on the release of many criminals from prisons in the past two years under pardons and amnesties.

Figures released by the Ministry of Justice reveal that a total of 10,843 prisoners have been released since the death of General Franco. Under a pardon granted by King Juan Carlos on November 25, 1975, 8,903 prisoners were released and later another 1,940. When General Franco died on November 20, 1975, there were 15,518 prisoners and in October 1977 there were 9,978.

The police now admit that it was an error to phase out the *serenos* in favour of their long dark blue coat, peaked cap, heavy stick and a bunch of keys used to be a familiar sight at night. They came on duty at about 10.30 p.m. when the main doors of buildings and blocks of flats were locked. The only way to get in after this time, except for people who had the key to the main door, would be to climb hands and seemingly from nowhere a *sereno* would appear.

They were badly paid, overworked and had to live on the good will and charity of neighbours in the areas they covered. When they began to

be gradually phased out their duties were theoretically taken over by the police.

In fact municipal police in particular are understaffed and could not keep the same kind of watch on buildings.

The authorities estimate that about 7,000 watchmen are needed for the service to be effective. For example, a working class district outside Madrid, like Moratalaz, has only 21 watchmen at the moment to cope with a population of 113,617 and an area of about 9,500 acres whereas in the centre of Madrid, in the Salamanca area, there are about 60 night watchmen for 40 acres and a population of about 420,000.

For the right wing the increase in crime which is similar to what happened in Portugal after the revolution, is symptomatic of the authorities' laxity.

Criminals are certainly becoming more ingenious in their crimes. The most recent happened in a Spanish block of flats, demonstrators.

They returned at night to find their car stolen. Next morning they found it parked in the street with two theatre tickets pinned to the windscreen. They were looking for the car for an emergency reason. That night they went to the theatre and when they returned found their flat virtually wiped clean.

## Catalan leader seriously ill in hospital

From Our Correspondent  
Madrid, Nov 6

Señor Josep Tarradellas, the President of the Generalitat, the recently restored Catalan autonomous Government, continued to be in a serious condition today in Barcelona hospital where he is receiving treatment for lung and renal insufficiency. He is 78.

Señor Tarradellas signed a decree from his hospital bed last night nominating Señor Frederic Rahola, his delegate, as a councillor (minister) of the Generalitat.

The decree signed by King Juan Carlos nominating Señor Tarradellas makes no mention of what would happen in the event of his death. He is unable to continue at the head of the generalitat. Señor Tarradellas returned last month after 38 years in exile.

## Threats against Lufthansa taken seriously

From Our Own Correspondent  
Bonn, Nov 6

Threats, apparently from West German terrorists, to blow up three Lufthansa airliners in revenge for the deaths in jail of three Baader-Meinhof leaders, are being taken seriously here. Letters to West German and French news agencies said that from November 15 one airliner would be blown up for each of the three terrorists who committed suicide in Stammheim in Stuttgart, on October 18.

The letters said the three had been murdered, although provisional reports on the post-mortem examinations and the investigation by the justice authorities ruled out foul play.

The messages hinted that one purpose was to damage Lufthansa's business by frightening away passengers: "We will hit Helmut Schmidt's fascist-capitalist Government where it hurts most—everyone should know that if he boards a German aircraft from November 15 he will be flying with death."

## Tremor nits Skopje

Skopje, Yugoslavia, Nov 6.—An earth tremor shook Skopje today, the strongest in a series of small tremors which have shaken Balkan countries in the past few days.

## Señor Suárez opposed to anything less than full membership of EEC

From Michael Hornsby  
Brussels, Nov 6

Spain would not accept anything less than immediate full membership of the EEC but would be "open to all possibilities" when it came to defining the transitional period after its entry, Señor Suárez, the Spanish Prime Minister, said here at the weekend. Spain applied in July to join the Community.

Speaking at a press conference after talks with Mr. Roy Jenkins, the President of the European Commission, and Mr. Tindemans, the Belgian Prime Minister, Señor Suárez was unequivocal in rejecting any kind of preparatory pre-membership period or alternative suggestions for "membership by stages".

Although he did not state it clearly, the Spanish objection appeared to be much the same as the voice by the Greeks when the Commission recommended a gradual approach in their case. Anything less than full membership is seen as an affront to national dignity which would be open to explanation to domestic public opinion.

At the same time, Señor Suárez clearly accepted that the usual transitional period of two years after entry would probably need to be modified for Spain, as well as for Greece and Portugal, the third candidate.

Some six to nine months generally elapse between the opening of negotiations and the time actually take about two years. A further year or so is usually required for ratification of the outcome by national parliaments. Even if all went smoothly, Spain would not expect to be a member of the

EEC before the end of 1982. This timetable does not allow for the fact that the Nine will be simultaneously negotiating entry terms with Portugal, which applied to join last March.

Negotiations with Greece, now more than a year old, ought to be completed before those with Spain even though they have made little progress so far.

At his press conference, Señor Suárez said that he thought the Greek, Spanish and Italian fruit and vegetable producers by Spanish, Greek and Portuguese competition had been exaggerated. He suggested that the government concerned should get together to examine the problem, which he felt had been insufficiently studied. In any case, he pointed out, the troubles of the EEC Mediterranean agriculture had been applied to join.

In a reference to worries voiced by Herr Schmidt about the implications of extending unchanged the EEC's rule of free movement of workers, he said that his Government had no intention of exporting labour or unemployment to other countries. But he made it clear that Spanish migrants would expect the same rights as others in the EEC.

## Concordat draft reduces church's role in Italy

Rome, Nov 6.—Italy will move close to a formal separation of church and state under proposals published at the weekend for a new concordat with the Vatican.

The draft of the new treaty, which has to be approved by Parliament, says that Roman Catholicism will no longer be the state religion in Italy.

The new concordat is to replace the 1929 Lateran pacts between the Mussolini regime and Pope Pius XI. It could set the pattern for revision of concordats with Spain and other predominantly Catholic countries.

Lay parties in Parliament began clamouring for a revision of the concordat 10 years ago but negotiations were stalled largely because of the battle over divorce, which was barred under the Lateran pacts. The new spirit reflected in the proposed treaty is in line with the church's thinking. The

Pope recently told King Juan Carlos of Spain that he sought "no privileges, but only sufficient liberty to carry forward its evangelizing mission."

The preamble to the draft mentions the concordat negotiations during the Second Vatican Council of the 1960s. Priests will no longer be exempted automatically from military service and will not be protected from civil courts.

Church and civil marriages will be given equal status. The draft states, none the less, that the church upholds its belief that couples must be married by a priest and cannot divorce.

Publication of the draft coincided with a debate between the Communists and the church, initiated by Señor Suarez. The debate was about the role of the church in a Communist state. A Communist spokesman would oppose religious freedom.

## 24-hour strike shuts 3,500 Italian cinemas



## OVERSEAS

## Amnesty proclaimed by Moscow holds little relief for dissidents

Moscow, Nov. 6.—The Soviet Government proclaimed a limited amnesty for criminals yesterday but leading political dissidents said that no prisoners of conscience would be freed. The amnesty marks the sixtieth anniversary of the Bolshevik Revolution.

An official decree, freeing pregnant women, young offenders, sick and elderly convicts and various other categories from prison, excluded those guilty of serious crimes and "especially dangerous crimes against the state".

Most imprisoned dissidents, including several awaiting trial, are charged with such offences.

The amnesty decree, published by the Government newspaper *Izvestia*, said that Soviet leaders had been "guided by the principles of socialist humanity in ordering certain categories of prisoners to be freed immediately."

The decree closely resembled an amnesty ordered in 1967 for the fiftieth anniversary of the revolution.

Soviet law does not recognize any offences as political and the authorities deny that there are any prisoners of conscience in the country's jails and labour camps.

The decree, half of which was devoted to a complicated list of exclusions, gave freedom to all pregnant women, women with children under 18, men over 60, women over 55 and certain groups of inmates.

Also included in the order were all other women, offenders under 18, war veterans and people who had received state awards, provided their sentences were shorter than five years.

Sentences longer than five years for those in this category would be halved. Prisoners facing charges would be released if their maximum sentences would be less than five years.

For more serious cases, the courts would have discretion. Exclusions included recidivists, inmates who have previously violated prison regulations and those who had had death sentences commuted.

As well as the especially dangerous state crimes—listed in earlier Soviet criminal codes as "counter-revolutionary offences"—the decree specified other exclusions.

These covered anti-Soviet slander, drug offences, infringing people's rights under the pretence of performing a religious ceremony, trading in pornography, drawing minors into criminal activity, organizing activities violating public order and desecrating the state emblem and flag.

Dr Andrei Sakharov, Nobel Peace Prize winner and one-time nuclear physicist, told reporters after the announcement: "I am greatly disappointed because it has excluded all those who are suffering for imaginary crimes."

In particular, the statement pointed out that there had been no agreement on the form a future constitution should take or any progress on the future role and composition of the security forces.

Shortly before his departure, Lord Carver and General Prem Chand, the United Nations representative, held a meeting lasting one and a half hours with Mr Smith and members of his Cabinet. Mr Smith, who had been unable to see the two men before as he was watching a tournament in Bulawayo, was accompanied by Mr. van der Byl, the Rhodesian Foreign Minister, Mr. Roger Hawkins, the Minister of Combined Operations, Mr. Hilary Squire, the Minister of Law and Order, and Mr. Jack Gyard, the Cabinet Secretary.

Before boarding his RAF Hercules transport aircraft for Botswana, Lord Carver said he was "not going home discouraged", choosing his words carefully.

Sixty years after, page 14  
Leading article, page 15

## Lord Carver has first meeting with Mr Smith

From Nicholas Ashford Salisbury, Nov. 6

Field Marshal Lord Carver, the British Resident Commissioner-designate, left Salisbury for Gaborone today, having apparently succeeded in clearing up some Rhodesian misconceptions about the Anglo-American settlement proposals but without having removed any of the obstacles blocking the plan's implementation.

Before his departure, Lord Carver stated that during his talks in Salisbury and Dar es Salaam he had found a "wide measure of agreement" on the basic principles contained in the Anglo-American proposals.

However, he emphasized that there were still differences of opinion concerning his own role as Resident Commissioner, the order in which the military and constitutional aspects of a transfer of power should be dealt with and, most important, of all, the crucial position of a new security force.

In a statement issued tonight Mr Ian Smith, the Rhodesian Prime Minister, accepted Lord Carver's assessment that broad agreement on the desirability of a ceasefire and a settlement had been reached. But most of the highly complicated questions of how this was to be achieved remained unresolved.

In particular, the statement pointed out that there had been no agreement on the form a future constitution should take or any progress on the future role and composition of the security forces.

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Sixty years after, page 14  
Leading article, page 15



Lord Carver speaking to journalists after meeting Mr Ian Smith.

fully to avoid raising false expectations of what had been achieved, he said he felt some progress had been achieved "in that we have all made our views perfectly plain to each other."

Breaking the "grim, humourless and Trappist silence" which he had maintained since his arrival in Salisbury, he summed up the outcome of his visit in a crisp, matter of fact way as though giving a military briefing rather than a press conference.

He felt that there had been agreement on a number of basic principles contained in the Anglo-American plan. These were that there should be free and fair elections leading to majority rule, that a transitional administration should be set up to guide the country to independence and that there should be an effective ceasefire.

However, he did not attempt to disguise the differences which still exist between the Rhodesian Government on one side, the various nationalist organizations on the other and the British in the middle. In particular, he noted that there was "a wide measure of disagreement" on the role of the security forces during the transitional period leading to independence.

The Anglo-American plan calls for certain elements of the Rhodesian Army to be disbanded and the rest to be incorporated in a new Zimbabwe Army "based on the liberation forces". Law and order during the interim period would be maintained by the police and a United Nations force.

This is totally unacceptable to the Rhodesian Government which wants to keep its forces intact. The Patriotic Front on the other hand wants the Rhodesian forces to be completely dissolved and replaced by its own guerrilla forces.

Lord Carver has been left in no doubt, both in his talks in Salisbury and with the Patriotic Front in Dar es Salaam, that the security aspect of the Anglo-American plan will be the most difficult to resolve. The question of law and order is one which unites Rhodesian whites of all political colours and not one of them would seriously move which would seriously reduce the operational effectiveness of the armed forces.

Acknowledging that the ques-

tion of security was an essential one, Lord Carver noted that Rhodesian whites were concerned not just about legal and constitutional safeguards but wanted to know whether it would be safe for them to stay in Rhodesia after independence.

Meanwhile, Mr John Davies, the Conservative Party spokesman on foreign affairs, left Rhodesia today expressing grave concern about the security aspects of the Anglo-American settlement plan.

During his two-day visit he met military commanders and visited an "operational area" which, he said, had reinforced his objections to the plan's proposals for the security forces.

Lusaka, Nov. 6.—Zambia tonight accused "trigger-happy" Rhodesians of launching an artillery attack across the Zambezi river frontier yesterday.

A Government statement, broadcast on Zambia radio, said the Rhodesians opened fire with long-range artillery, mortars and small arms at Karungula, 250 miles southwest of here, but there were no casualties on the Zambian side.

—Reuters.

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More relevant is the arrival in Cairo today of King Hussein of Jordan, who visited Damascus last week for talks with President Assad and is now meeting Mr Sadat in an effort to coordinate the Arab position on preparations for Geneva.

Egyptian officials believe that Jordan is moving close to Egypt's desire to go to Geneva without pre-conditions, and away from Syria's firm line of seeking to convene the conference only on the basis of an advance commitment to full Israeli withdrawal from the occupied territories.

This may be because Syria is using insistence on direct participation of the Palestine Liberation Organisation (PLO) in the conference as a stalking horse, while King Hussein remains strongly hostile to the PLO even though in public he has to support its claims.

Our Jerusalem correspondent writes: Mr Dayan, the Israeli Foreign Minister, today rejected President Sadat's reported proposals for pre-Geneva talks.

The impression in Israel is that Mr Sadat is seeking an alternative to the United States-Israeli working paper which lays down only the procedural outline for a reconvened Geneva conference.

—Reuters.

## Egypt backs down on pre-Geneva talks

From Edward Mortimer Cairo, Nov. 6

Egypt retreated last night from its proposal for a working group to prepare for a reconvened Geneva-Middle East peace conference.

The proposal, originally put forward by President Sadat when Mr Vance, the American Secretary of State, visited Egypt last August, was revived by him last Thursday.

The President said in a television interview that the United States, the Soviet Union, Egypt, Syria, Jordan, Lebanon, the Palestinians and Israel should all take part in preparing a working paper so that the conference would not start in a vacuum.

Last night, however, Mr Ismail Fahmy, the Foreign Minister, said Mr Sadat had not renewed his proposal for a working group, but was "only recalling past stages of the current peace efforts".

The probable explanation is that Syria has again manifested its opposition to preparatory talks and that President Sadat has agreed to drop the proposal in order to avoid a public rebuff.

The fact that Mr Fahmy received Mr Mikhail Sytenko, Soviet Deputy Foreign Minister, before making his state-

ment last night, is no doubt coincidental.

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## Labour's pat on the back for Soviet successes

Moscow, Nov. 6.—Trade unionists in Britain recognized that despite "differences" with their Soviet comrades from time to time the Soviet Union had managed to achieve much that had not yet been achieved in the West, Mr Alex Kirby, representing the British Labour Party, told a rally near here.

Speaking in Kransogorsk, a town in the Moscow region, Mr Kirby, who is here for the celebrations marking the sixtieth anniversary of the Bolshevik Revolution, said it was "pleasant to be in a country where the situation differs from the position at home, in a country where there is no unemployment and where there is a constant and unswerving growth in the living standards of ordinary workers."

In his speech, as translated back into English from the official Russian text, Mr Kirby said his party's congratulations "is a great political milestone."

"It witnesses to our sincere interest in establishing real relations of cooperation between our two parties," he said.

Trade union members in Britain and other capitalist countries well recognized the failings of the economic system in which they lived, he said.

"Perhaps we do not recall often enough that wherever differences separate us from time to time from our Soviet comrades, it remains a fact that you have managed to

achieve much that we are still far from achieving."

Señor Santiago Carrillo, the Spanish Communist leader who is an advocate of Eurocommunism, was not based from addressing last week's special Kremlin session of top party and government leaders, according to Mr Viktor Afanasyev, editor-in-chief of *Pravda*.

In a *Pravda* statement, Mr Afanasyev said Señior Carrillo was told on his arrival on Wednesday night that he was rather late and could hardly speak in the Kremlin next day. Instead, he could speak elsewhere in Moscow or, if he liked, in another city.

Señior Carrillo declined the offer and made statements to the press during the true sense of the *Pravda* editor said. Signor Berlinguer, the Italian Communist leader, who also advocates Eurocommunism, addressed the Kremlin session.—Reuters and UPI.

Pretext challenge: No notice was taken in Downing Street last night of reports of Mr Kirby's speech, nor of the political reaction provoked. Our Political Editor writes: Mr Callaghan would consider dealing with it, if anyone pursued questions on Tuesday in the House. Thus was ignored the first "challenge" issued by Mr Kirby to the Prime Minister since he defected from Labour and took the Tory whip.

Mr Prentice had demanded an immediate repudiation from Mr Callaghan or the Foreign Secretary.

## Dr Banda refuses to join anti-apartheid battle

## Neutral Malawi seeks to become the Switzerland of Africa

Lilongwe, Nov. 6.—Malawi is the odd state out in the cauldron of black southern African politics, remaining steadfastly uninvolved in the fight against white minority rule.

Dr Hastings Kamuzu Banda, the President for Life, maintains trade, aid, labour and diplomatic ties with South Africa and insists that the way to alter that country's apartheid policies is through contact and dialogue.

His conservative brand of nationalism contrasts starkly with the mood of his neighbours in Zambia, Mozambique and Tanzania which are all bases for guerrillas fighting against white rule in Rhodesia.

The President says his unorthodox policies are for the good of his five million people, pointing out that his small, landlocked country is in a vulnerable position.

Malawians say they want the country to become the Switzerland of Africa—a comparison which embraces Malawi's neutrality, sound economy, conservative fiscal policies and scenic mountain terrain.

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There is no doubt that Dr Banda's pragmatism has helped his country economically. South Africa and Rhodesia, before Mozambique closed the common border, have provided prime markets for Malawi's agricultural produce.

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President Banda, who is in his seventies, has links with black nationalist leaders despite his policy of coexistence with white rule.

Prominent in the President's external policies is his distrust of communist states. He established diplomatic relations with Taiwan in 1966 after earlier turning down an aid offer from China. Soon after independence in 1964, he dismissed three Cabinet members who he believed were plotting with Chinese communists to seize power.

## Dr Banda refuses to join anti-apartheid battle

## Neutral Malawi seeks to become the Switzerland of Africa

Lilongwe, Nov. 6.—Malawi is the odd state out in the cauldron of black southern African politics, remaining steadfastly uninvolved in the fight against white minority rule.

Dr Hastings Kamuzu Banda, the President for Life, maintains trade, aid, labour and diplomatic ties with South Africa and insists that the way to alter that country's apartheid policies is through contact and dialogue.

His conservative brand of nationalism contrasts starkly with the mood of his neighbours in Zambia, Mozambique and Tanzania which are all bases for guerrillas fighting against white rule in Rhodesia.

The President says his unorthodox policies are for the good of his five million people, pointing out that his small, landlocked country is in a vulnerable position.

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## Warning to companies in S Africa

By Malcolm Brown

British companies operating in South Africa are warned today that failure to meet the aspirations of the black community might lead to the destruction of private business in the republic.

Christian Concern for Southern Africa (CCSA), an interdenominational church group, says in a report that companies have tended to shelter behind their desire to leave politics to the Government or behind their belief in the power market forces to bring about the necessary changes in government policy.

"Neither of these arguments can be relied on for protection; the whole trend in government policy, from opening up options for the wider society, is towards a corporate state in which the interests of the business community will be increasingly subordinate to those of continued white supremacy," the report says.

Black Trade Unions in South Africa: The Responsibilities of Interfaith Communities (Christian Concern for Southern Africa; ES).

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## President Carter vetoes nuclear breeder reactor

Continued from page 1

going, it will scarcely be ready by the middle of December.

It would be a serious setback for President Carter if the Act which finally emerges were radically different from the Bill he introduced last April. He would have lost the battle, and the foreign trip too.

The fact that the foreign trip was misconceived and that the energy programme was also doomed from the start in the form the President prepared it would only make the defeat more galling.

The Clinch River project, at Oak Ridge, was to have been a \$80m (£45m) experimental breeder reactor. Its supporters in the nuclear industry believe

that such reactors will become essential as oil and uranium stocks are exhausted. Breeder reactors produce more nuclear fuel than they use.

Their opponents, including President Carter, say that because they produce plutonium, which can be used for nuclear bombs, breeder reactors are dangers to world peace. Mr Carter, like President Ford before him, is seriously concerned with the dangers of nuclear proliferation.

It was necessary for America to set a good example. Furthermore, according to Mr Carter's veto message, the project was technically and economically unnecessary. It is claimed that by the time the plant was finished, it would have been obsolete.

Mr Mathew is said to have applied for membership of the Pakistan Bar Council in order to qualify to appear as a counsel in the High Court.

According to a television commentator, foreign lawyers will be permitted to appear before a high court or the Supreme Court only if their countries extend reciprocal facilities to Pakistani lawyers. Lawyers from Pakistan are not qualified to appear in British courts, the commentator said.

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## British lawyer at Bhutto murder hearing

From Our Correspondent Islamabad, Nov. 6

Mr John Mathew, a British criminal lawyer who has been engaged as special defence counsel for Mr Bhutto, the former Prime Minister, attended the hearing of the murder case against him in Lahore High Court.

Mr Mathew is said to have applied for membership of the Pakistan Bar Council in order to qualify to appear as a counsel in the High Court.

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## OVERSEAS

# India and Bangladesh put an end to dispute of 25 years on how to share the Ganges waters

From Richard Wigg  
Delhi, Nov 6

India and Bangladesh have signed an agreement on the sharing of the waters of the Ganges during the next five years.

The matter has been in dispute for the past 25 years. It held up bringing the Farakka barrage into operation, and defied efforts by international experts to mediate between India and first East Pakistan and later Bangladesh.

The two countries have also agreed to undertake a joint study of ways to increase the flow of the Ganges, vital to the survival and prosperity of large populations on both sides of the frontier as well as of Calcutta harbour.

What has been achieved after months of difficult negotiations, and publicly voiced criticism on the Indian side, is an interim agreement which both sides pledge to carry out in good faith, while a joint rivers commission will embark during the next three years on drawing up proposals on the long-term problem.

The agreement binds both governments to implement schemes to solve the problem of increasing the flow of the waters "as speedily as possible" after meeting the commission's recommendations.

India proposed linking the Ganges with the Brahmaputra. Either proposal would need substantial international financial assistance.

The agreement comes into force immediately after yesterday's signing in Dacca. Its first effect will be seen from January

1, the beginning of the five-month lean period in the flow of the Ganges, which is situated on the Bihar-West Bengal frontier with Bangladesh.

The volume of water each side can draw has been fixed in the agreement in periods of 10 days until the end of May as the flow of the water declines and then begins to rise again in the pre-monsoon period. Each government will set up jointly nominated teams to inspect the flow daily at Farakka and two other points.

The Bangladesh Government had invited the heads of diplomatic missions in Dacca to witness the signing. Mr S. S. Bhatia, the Indian Minister of Agriculture and Irrigation, said that the agreement had been reached because both countries had been willing to make sacrifices for each other's benefit.

Rear Admiral M. H. Khan, a member of the council of advisers of President Zia Ur Rahman of Bangladesh, said that millions of Bangladeshis hoped that a similar spirit of understanding would animate further efforts towards good neighbourliness.

India has seen the advantage of making concessions to President Zia's regime. After an initial three-year period there will be a review of the agreement's working every six months for the final two years.

The agreement can be extended. Only last week Mr A. B. Vajpayee, the Indian Minister of External Affairs, had to answer sharp criticism from a parliamentary committee, voiced especially by West Bengal MPs.

The problem of the future of Calcutta port, which has to be flushed of the silt carried by the Hooghly River, was a very real one, he pointed out. This was why a long-term solution was stipulated in the agreement.

Recalling two previous agreements when Congress was in power, he emphasized that a figure of 40,000 cubic feet of water a second requested in the past for Calcutta harbour was a maximum negotiating demand. In 1975 the previous Government had agreed to limit its taking up to 16,000 cubic feet, that agreement was later discontinued.

When at the latest period the total flow amounted to 55,000 cubic feet, Bangladesh could not be asked to accept 15,000, Mr Vajpayee went on. Under the new agreement, that low flow is reached in the last third of April. India will take 20,500 cubic feet and Bangladesh 34,500.

Allocation of the water has been fixed on the basis of a 75 per cent share to India and 25 per cent to Bangladesh on flows observed between 1948 and 1973.

India will also be allowed to use up to 200 cubic feet a second for reasonable purposes below the dam at Farakka calculated on flows observed between 1948 and 1973.

Any disputes unresolved by the inspection teams will be referred to a panel of an equal number of experts from each country. If they fail, the dispute will be submitted to the two governments. The agreement leaves room then for possible arbitration.

## Prisoners of conscience



### Israel: Taisir al-Aruri

By David Watts

Mr Taisir al-Aruri, a Ramallah-born Palestinian, studied in the Soviet Union after his graduation from Bir Zeit College north of Jerusalem.

Some time after his return home, while teaching at a college, he was arrested by the Israelis, who claimed that he had undergone military training for the Soviet Union. He was jailed for three years for this alleged offence.

In April 1974, Mr Aruri was re-arrested and has been held ever since without charge or trial. He is detained under Article III of the Defence (Emergency) Regulations used by the military administration to rule the Occupied Territories.

The article empowers the Israeli military governor to detain any inhabitant of the territories whom he considers a "risk to the security of the state" without having to produce any evidence of involvement in punishable activities. In fact, the principal of Bir Zeit College has said that Mr Aruri did not even have the capability to handle a rifle.

The position of administrative detainees, such as Mr Aruri, is normally reviewed every six months. The appeals board, however, is not consultative, and the military governor is able to cite "security reasons" for repeated renewals of the detention order.

Mr Aruri's case was reviewed in July when he was ordered to remain in detention until next January, though there is, apparently, no evidence of his involvement in any violence.



Taisir al-Aruri: Studied in the Soviet Union.

### Caracas floods

Caracas, Nov 6.—Torrential rain caused flooding and landslides here. Earlier a severe water shortage had led to rioting and deaths.

## Lord Rothschild looks at the Civil Service What do we want from the people who make government work?

Sir John Hunt, Secretary of the Cabinet, once said to me: "Victor, you are not a civil servant and never will be". That was a daunting judgement on a man who had just spent four years as a civil servant in the higher reaches of Whitehall; but at least it invests me with a certain aura of objectivity should I now join in the dispute between the Civil Service and its most recent critics.

Disparaging the bureaucracy, denouncing the top echelons of the Civil Service, today seems as inseparable from political discussion as throwing bottles is from professional football. The comparison must not, of course, be pushed too far. Recent criticisms of the Civil Service are far removed from the mindless, drunken hooliganism on and off the terraces. Moreover, the motives of those who criticised the Civil Service are lofty if not impeccable. They claim a right, a duty even, to criticise the public service, if only to maintain its standards.

Still, I am struck by the similarities between the two pastimes. Both engage in the passions of the partisan and the excitable, always most aggressive when their own team is at a disadvantage; both cause damage and inflict personal wounds. But perhaps the clearest single similarity is that both activities are borne of a common wish: both require a solution based on careful study and enquiry.

The list of distinguished members or supporters of the Civil Service is now quite long. In the wake of Dick Crossman and his disciples, Lady Folkestone and Joe Haines have brought their experience and opinions to the front. Lord Croomer-Hunt has intellectual weight. The emerging body of opinion is a mixture of vigour in Brian Sedgmore's "minority report" attached to the eleventh report of the House of Commons, published on September 15.

From time to time I too have done a little modest pin-sticking—though in my case acupuncture at the request of the Cabinet would be a more correct description. So, in those reports with more than usual interest. As the majority report is highly specific, I was disappointed to find that it did not contain a wider range of skills than even the select committee members require of it. It is, for example, quite proper for civil servants to warn their ministers when some social change seems to be in the air, but it is not their duty to do so. It is the duty of the Civil Service to be a mirror, not a window.

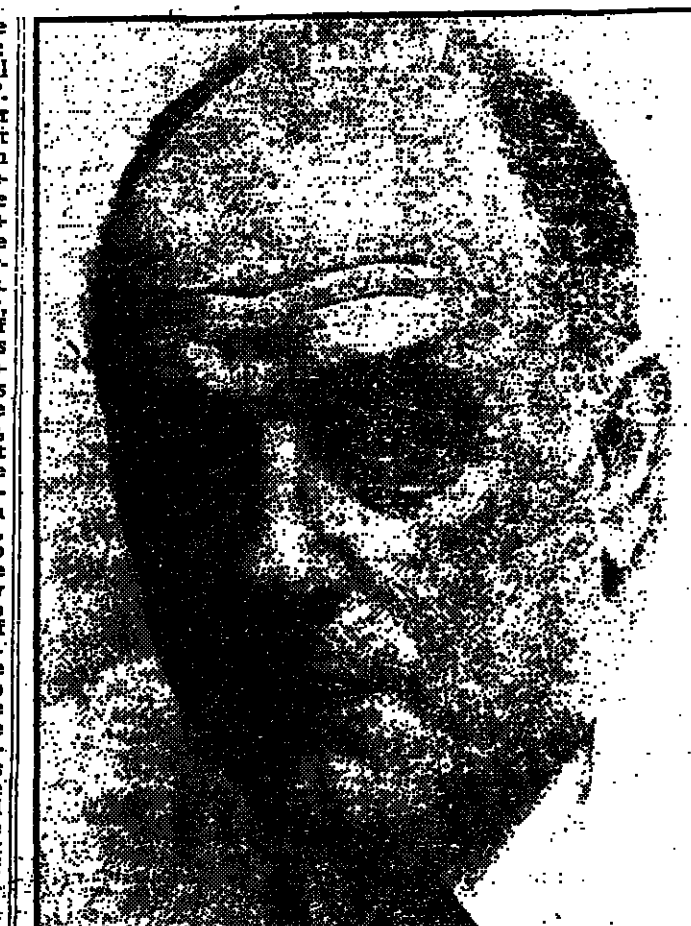
There is a need rigorously to weigh desirability against practicality. As long ago as AD 56 Cato Perseus wrote: "We trained very hard, but it seemed that every time we were beginning to form up into teams, we were told to go back to work. I am sure that we were not to meet any new situation by re-organising, and a wonderful service it can be for creating the illusion of progress, while producing confusion, inefficiency and demoralisation."

It is part of the job of civil servants to help prevent such confusion, inefficiency and demoralisation. But it is not a role that endears them to the "organisations" which they serve. I am not, of course, arguing that the Civil Service should frustrate the will of ministers and of Parliament. That would be intolerable.

The job of the Civil Service is to ensure that ministers' decisions are based on a full study of the options, information and arguments. It is on this theme that truth has become obscured by an extensive mythology.

Officials are accused of wilful delay and misrepresentation of instructions, of foreclosing options in a conspiratorial network of official committees, of politicking behind ministers' backs and of taking advantage of public and political opinion in the Government. Perhaps the civil service members are right in asserting that some of this does sometimes happen; but during my years in the Cabinet Office, the reality was more prosaic. I detected an insensible lust for power.

When there was delay, it was more often than not because the issues were complex, the data intractable, the divergent interests to be reconciled legitimate and well argued. This applied, for example, during the Heath Government, to an attempt at worker participation, now revised as an official policy by Jack Jones. The official committees existed to prepare the ground for ministers and did it as well as they



Lord Rothschild



Sir John Hunt



Brian Sedgmore

abilities nowadays carried by elected politicians bears no less heavily on the civil servants who exist to serve them. They need a much wider range of skills than even the select committee members require of it.

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could in the available time, which was usually too short. I know this because I attended them. If options were foreclosed, it was usually because they were self-evidently impractical.

A more real danger is not that options are wilfully suppressed but that they are not identified—perhaps through lack of imagination, perhaps because the department concerned was taking too insular a view. Prising open the options was part of our job in the Think Tank and no doubt we took long and difficult decisions. Initially, our interest was not always welcome; no one likes a careful report to be questioned just when it is on its way to ministers. But it did not take long for civil servants to accept that what we were trying to do could be and sometimes was useful.

Brian Sedgmore wants to see more openness, ministerial "cabinets" or private offices "advising" in France, party-political appointments to the upper echelons of the administration, committees of Parliament armed with increased powers both to investigate abuses and to conduct a more professional system of audit and review.

Some of this I would welcome: the ministerial "cabinet" for instance, particularly in a very large department, is a valuable means of reinforcing the political will and presence of the minister—provided it does not act as a barrier between him and his department, a criticism which is often made of the system in France. The acknowledged aim of these recommendations would be to alter the balance of power within the constitution: to create a dual role for the parliamentary "back-benchers," helping the executive in its struggle with its own bureaucracy on the one hand and challenging the executive itself on the other hand.

So far this century, governments have shown no taste for such an alliance. They have preferred to fight their own battles with the bureaucracy, using it to resist external challenge to the executive. I doubt if there will be any marked change from now on.

The majority of the select committees were less severe in their criticism of the bureaucracy. But their remedy was much the same—political reinforcement for ministers within their departments, closer control over departmental plans and activities, tighter parliamentary surveillance, reorganisation of the core of government to bring the management of Civil Service resources under the direct control of the Treasury. The message seems clear: the Civil Service will deliver the goods only if it is kicked hard.

I have doubts about both the prescription, and the distress which seems to underlie it. I wonder whether it is influenced by the methods of inquiry which select committees adopt. If you spend your time grilling permanent secretaries and other senior officials about the minutiae of their work, it is hardly surprising that they respond in a defensive, self-protective manner. I wonder whether it is influenced by the methods of inquiry which select committees adopt. If you spend your time grilling permanent secretaries and other senior officials about the minutiae of their work, it is hardly surprising that they respond in a defensive, self-protective manner.

It is difficult to remember when a parliamentary report last commended a government department or recommended the elimination of some costly and counter-productive control. But if Sir Derek Rayner is right, such a report is overdue. Some of the select committees' recommendations may therefore be leading us in the wrong direction.

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## Prince's busy day includes polo victory

Sydney, Nov 6.—Church, an athletics meeting, outdoor luncheon, a game of polo and a variety concert kept the Prince of Wales busy on the third day of his visit to Sydney.

Early in the day he attended services at St John's Cathedral before presenting the Queen's silver jubilee trophies at an athletics carnival.

After an informal outdoor luncheon he played in a polo match at Warwick Farm where he scored the winning goal in a seven-chukka match to lead his team to victory over a Queensland state side.

Tonight, escorted by Sir Roden Cutler, the Governor of New South Wales, he attended a variety concert at the Sydney Opera House and met the cast. There was no sign of strain after his 14-hour day as he chatted backstage with the artists.

Afterwards, he attended a reception in the concert hall before returning to Government House for the night.

Tomorrow, the Prince has only one official engagement before flying to Hobart, the capital of Australia's southernmost state of Tasmania.—UPI

## Hongkong anger over amnesty for police

From Our Correspondent  
Hongkong, Nov 6

The surprise amnesty issued by Sir Murray Maclehoese, the Governor of Hongkong, for all Hongkong policemen and civil servants who may have been involved in corrupt practices before January 1 this year, has provoked angry reactions from the public, community leaders and the English-language and Chinese press.

"Disgraceful, ridiculous and a surrender to pressure" were some of the terms used by public spokesmen today. Both Mr Brian Slevin, the Police Commissioner, and Mr John Cater, the chief of the Independent Commission against Corruption, have declined comment.

But a meeting of 2,000 policemen cheered the decision, recalling last week's incident, when about 100 men stormed the commission's headquarters and assaulted some of the staff. "We have won," the police shouted. "Police power."

The Governor's amnesty excludes persons against whom warrants have already been issued, persons who have been

interviewed by the commission and persons who are now living outside Hongkong, Taiwan, Britain, Australia and the United States. Exceptions will also be made if a pre-1977 offence "comes to light that is so heinous that it would be unthinkable not to do so."

Clearly, it is hoped that the controversial compromise will help to restore morale inside the police.

Hongkong soothsayers point out that, according to Chinese tradition, 1977 is an appropriate year for granting an amnesty. This is the Year of the Snake, for which the attributes are flexibility, persistence, endurance, perseverance and survival, dexterity in avoiding and foiling a strong enemy and "a fondness for the night-time" (which implies a talent for conspiracy).

Hongkong, Nov 6.—Sixteen told Hongkong policemen today that the public would be watching them very carefully in future.

Addressing representatives of the Police Association, he called on all officers to work together as a "very large and united family which solves its problems internally."—Reuters

## Poll success brings hope to Australian Labour

From Douglas Aiton  
Melbourne, Nov 6

Two events over the past few days have put the Australian Labour Party back in the running for December 10 election. At this stage it still seems unlikely that Labour can win but the results may be close and any more mishaps for the Liberal Party could prove disastrous.

The first event was the release of the October unemployment figures which show an increase of 42,123 to 370,355. Although this is a record for the longest Victorian power strike it still can only be bad for the Government. The total was close to the 6 per cent of the workforce.

Both main parties will try to interpret the statistics their own way. Confusion about the figures will prevent a clear assessment of whether the unemployment figures would have improved or worsened had it not been for the power strike.

The Government will blame the high figures on the unions and the Labour Party will blame the strike; Labour is expected to argue that this is another example of the Government's inability to manage the economy. Either way, unemployment is still clearly the main issue.

The other event was the by-election yesterday in the Victorian electorate of Greensborough, just outside Melbourne. This is a seat in the Victorian state Parliament but is nevertheless seen as an important indication for the coming federal election because it has always been an insecure seat.

The by-election was caused by the death of a Liberal member, Mr Monty Vale. At the close of counting on Saturday night it was clear that the Labour candidate, Mrs Pauline Toner, was going to win. She polled 11,075 votes against 8,709 for her Liberal opponent, Mr Bill Foster. Preferences of the minor parties have yet to be distributed.

The surprise of the by-election was the strong vote for the candidate of the new party, the Australian Democrats, formed a few months ago by Mr Don Chipp, a rebel Liberal. The Democrats' candidate, Mr David Ross, received about 18 per cent of the vote. Mr Chipp commented: "Neither the Liberals nor Labour will now be able to govern without the support of the Australian Democrats. We have arrived as a national political party."

The difficulty in assessing the importance of this upset is that the Australian Democrats do not request their voters to direct their preferences to any particular party.

Leading article, page 15

## Ghanaian leader rules out party politics

Accra, Nov 6.—General Acheampong, the Ghanaian head of state, told a rally to chiefs that the country could not afford a return to party politics "simply to satisfy the whims and caprices of a few people who by some freak seem to think they are born and destined to rule."

He said the system of "union" government proposed by the Supreme Military Council would "give the individual the recognition due to him for what he is worth and not for the slogan he can shout."

People would be elected to political offices on the basis of their own merits, he said. The 142 present women employees would also share \$200,000 in salary increases. The company agreed to give women more senior editorial jobs.—Reuters

## Magazine agrees on big payout to women staff

New York, Nov 6.—Reader's Digest magazine has agreed to pay about \$1.5m (£850,000) to 2,600 present and former women employees in settlement of a sex discrimination case.

Eight employees, who started legal proceedings four years ago, contended that the magazine discriminated in hiring, promotion, assignments, pay and other work conditions.

The settlement, announced by Reader's Digest, did not admit it had discriminated against women.

The 2,600 women will receive payments of between \$500 and \$3,000 in back pay. The 142 present women employees will also share \$200,000 in salary increases. The company agreed to give women more senior editorial jobs.—Reuters

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**RESEARCH ASSOCIATE**  
The UEA Research Unit requires a Research Associate to work on a project of research in the field of environmental science. The project is concerned with the study of the effects of pollution on the environment. The successful candidate will be responsible for the design and execution of the project, and for the supervision of the research team. The salary is £10,000 per annum. Applications should be sent to the UEA Research Unit, University of East Angles, Norwich, NR4 7TJ.

## NEWLON HOUSING TRUST

## Vacancy - DEVELOPMENT OFFICER

The Trust is engaged in purchasing older residential properties for conversion and for rehabilitation, and in the acquisition of sites for new developments. An experienced Development Officer is required to join a small Department to assist in carrying out and administering this programme. The duties attaching to the post will include the initial inspection and acquisition of suitable properties, and liaising with consultants during building contracts. Salary £4,319-£5,050 per annum inclusive. Car Allowance, Pension Scheme. Applications, in writing, including a curriculum vitae, should be addressed to The Chief Executive, Newlon Housing Trust, 195/199 Stoke Newington High Street, London N16 6LH. Telephone 01-249 3333. No application form is supplied.

THE CHELTENHAM LADIES' COLLEGE  
APPOINTMENT OF PRINCIPAL

The Council invites applications for the post of Principal of the College as from 1st September, 1978.

Full particulars and forms of application may be obtained from the Secretary to the Council, Cheltenham Ladies' College, Cheltenham.

Completed applications must be returned by 1st January, 1978.

## Ridley College Oxfordshire

Required for September, 1978

## HEAD OF THE HISTORY DEPARTMENT

Applications are invited from qualified teachers for the post of Head of the History Department. The successful candidate will be responsible for the management of the department and for the supervision of the staff. The salary is £12,000 per annum. Applications should be sent to the Ridley College, Oxfordshire, OX1 2JH.

## Highgate School

LONDON N6 4AY

## DIRECTOR OF MUSIC

The post of Director of Music will be vacant from September 1st, 1978. The successful candidate will be responsible for the management of the music department and for the supervision of the staff. The salary is £12,000 per annum. Applications should be sent to the Highgate School, London, N6 4AY.

## COUNCIL FOR NATIONAL ACADEMIC AWARDS

Applications are invited for two posts of Assistant Registrar with responsibilities in the following areas —  
(1) Business and Social Studies.  
(2) Research Degrees (as well as some work in the area of Quinquennial Reviews).  
In addition to their work in specified fields, Assistant Registrars are involved in the development of academic policy. Candidates for the post should be well qualified academically and should have appropriate teaching and/or academic administrative experience, preferably in the field of higher education. The salary on appointment will be within the scale £5,252-£7,536 (merit bar £6,949) including London Weighting. Further particulars of the posts may be obtained from: The Secretary, Council for National Academic Awards, 344/354 Gray's Inn Road, London WC1X 8BP, to whom applications, giving details of qualifications and experience and mentioning the names of two referees, should be submitted by Wednesday, November 30, 1977.

ORIEL COLLEGE  
OXFORD, OX1 4EW

The college proposes to appoint a Bursar who will hold an Official Fellowship. The successful candidate will probably be between the ages of 35 and 50. He will have the opportunity, if he so wishes and so far as the duties of Bursar allow, of engaging in academic work. Applications, with the names of two referees, a curriculum vitae, and a statement of the candidate's personal qualifications and research interests should be sent by 1 December 1977 to The Provost, Oriel College, Oxford, OX1 4EW, from whom further particulars may be obtained.

UNIVERSITY OF WALES  
college of swansea

## Chair of Mechanical Engineering

The Council of the College is seeking applications for the post of Professor of Mechanical Engineering. The successful candidate will be responsible for the management of the department and for the supervision of the staff. The salary is £12,000 per annum. Applications should be sent to the University of Wales, College of Swansea, Swansea, SA1 8BA.

FINANCE  
BURSAR

THE GOVERNING BODY OF OUELLE SCHOOL wish to appoint a FINANCE BURSAR to reside at Ouelle by April 1978. Candidates should be well qualified in finance and accountancy, and have a minimum of 5 years' experience. The salary is £12,000 per annum. Applications should be sent to the Governing Body, Ouelle School, Ouelle, Oxford, OX1 4EW.

WILSON'S SCHOOL  
WALLINGTON-SURREY  
SME 91W

## CLERK

For a post which involves work of up to about 20 hours per week. The successful candidate will be responsible for the management of the school and for the supervision of the staff. The salary is £12,000 per annum. Applications should be sent to Wilson's School, Wallington, Surrey, SM6 9JW.

University of Birmingham  
FACULTY OF COMMERCIAL AND SOCIAL SCIENCES

## Graduate Social Work Courses

Applications are invited for the post of Lecturer in Social Work. The successful candidate will be responsible for the management of the department and for the supervision of the staff. The salary is £12,000 per annum. Applications should be sent to the University of Birmingham, Birmingham, B15 2TT.

University of London  
VICENTE CANADA  
BLANCH FELLOWSHIPS

Applications are invited for the post of Lecturer in Social Work. The successful candidate will be responsible for the management of the department and for the supervision of the staff. The salary is £12,000 per annum. Applications should be sent to the University of London, London, WC1E 6BT.

University College London  
DEPARTMENT OF PHYSICS  
POSTDOCTORAL RESEARCH ASSISTANT IN INFRARED ASTRONOMY

Applications are invited for the post of Postdoctoral Research Assistant in Infrared Astronomy. The successful candidate will be responsible for the management of the department and for the supervision of the staff. The salary is £12,000 per annum. Applications should be sent to the University College London, London, WC1E 6BT.

## LICHFIELD CATHEDRAL

Applications are invited for the post of Organist. The successful candidate will be responsible for the management of the department and for the supervision of the staff. The salary is £12,000 per annum. Applications should be sent to the Lichfield Cathedral, Lichfield, Staffordshire, WS15 2LD.

## LONDON BOROUGH OF LEWISHAM

## Borough Housing Officer

£11,650-£12,424  
plus car allowance of £490

Have you the ability to meet the requirements of a challenging and worthwhile housing job?

This is a Chief Officer appointment controlling a top priority area of Council policy. Lewisham's Housing Policy combines an energetic drive for more homes with an open-minded approach to new ideas—ideas like special help for students, young teachers and workers, a free advisory service, an imaginative approach to the problems of the homeless.

We are looking for a well qualified, experienced and dedicated professional who has the enthusiasm to take on the problems and who has the ability to be receptive to new ideas.

We are a Borough with a population of approximately 227,000 and a waiting list of 6,500. The successful applicant will be responsible for managing around 27,500 dwellings. Part of the Borough lies within the area of docklands and there will be opportunities to participate in the development and implementation of policies for Inner Cities.

The rewards will certainly be job satisfaction; a good salary and conditions of service, together with the opportunity to contribute to the Council's Housing Programme of Council services.

Further details and application forms, returnable by 18th November, 1977, from the Chief Personnel Officer, Lewisham Town Hall, Catford, SE14 5NF (01-850 7665, 24 hours Answerphone). Please quote ref. R01/T.

If you wish to discuss this position or talk about the Council generally please do not hesitate to contact Mr F. S. H. Birch, Chief Executive for the Chief Personnel Officer on 01-850 4543. It is anticipated that interviews will be held on 5th December, 1977.

ASHMOLEAN MUSEUM  
DEPARTMENT OF WESTERN ART  
ASSISTANT KEEPSHIP

The Visitors of the Ashmolean Museum invite applications for the post of Assistant Keeper in the Department of Western Art. The successful candidate will be responsible for the management of the department and for the supervision of the staff. The salary is £12,000 per annum. Applications should be sent to the Ashmolean Museum, Oxford, OX1 2PH.

SUDAN  
The University of Papua New Guinea

Applications are invited for the post of Professor of Language. The successful candidate will be responsible for the management of the department and for the supervision of the staff. The salary is £12,000 per annum. Applications should be sent to the University of Papua New Guinea, Port Moresby, PNG.

## University of Zambia

Applications are invited for the post of Lecturer in Social Work. The successful candidate will be responsible for the management of the department and for the supervision of the staff. The salary is £12,000 per annum. Applications should be sent to the University of Zambia, Lusaka, Zambia.

## National University of Lesotho

Applications are invited for the post of Lecturer in Social Work. The successful candidate will be responsible for the management of the department and for the supervision of the staff. The salary is £12,000 per annum. Applications should be sent to the National University of Lesotho, Maseru, Lesotho.

University of Cambridge  
WOLFSON INDUSTRIAL UNIT GRADUATE MECHANICAL ENGINEER

Applications are invited from graduates for the post of Graduate Mechanical Engineer. The successful candidate will be responsible for the management of the department and for the supervision of the staff. The salary is £12,000 per annum. Applications should be sent to the University of Cambridge, Cambridge, CB2 3RQ.

University College London  
DEPARTMENT OF PSYCHOLOGY

Applications are invited for the post of Lecturer in Psychology. The successful candidate will be responsible for the management of the department and for the supervision of the staff. The salary is £12,000 per annum. Applications should be sent to the University College London, London, WC1E 6BT.

## Merton College, Oxford

Applications are invited for the post of Junior Research Fellowships and Senior Scholarships 1978. The successful candidate will be responsible for the management of the department and for the supervision of the staff. The salary is £12,000 per annum. Applications should be sent to Merton College, Oxford, OX1 2JD.

## AUSTRALIA

University of Sydney  
SENIOR LECTURER IN LAW (LAW EXTENSION COMMITTEE)

Appointee will be required to participate in lectures and correspondence courses for the Law Extension Committee. The successful candidate will be responsible for the management of the department and for the supervision of the staff. The salary is £12,000 per annum. Applications should be sent to the University of Sydney, Sydney, Australia.

Monash University  
LECTURERS

Applications for the above-mentioned positions are invited from suitably qualified persons with experience in the field of law. The successful candidate will be responsible for the management of the department and for the supervision of the staff. The salary is £12,000 per annum. Applications should be sent to Monash University, Melbourne, Australia.

University of Tasmania  
CHAIR OF OBSTETRICS AND GYNAECOLOGY

Applications are invited for the post of Chair of Obstetrics and Gynaecology. The successful candidate will be responsible for the management of the department and for the supervision of the staff. The salary is £12,000 per annum. Applications should be sent to the University of Tasmania, Hobart, Australia.

## LECTURER OR SENIOR LECTURER IN EDUCATION

Applications are invited for the post of Lecturer or Senior Lecturer in Education. The successful candidate will be responsible for the management of the department and for the supervision of the staff. The salary is £12,000 per annum. Applications should be sent to the University of Tasmania, Hobart, Australia.

## LECTURING FELLOW IN MEDIEVAL STUDIES

Applications are invited for the post of Lecturing Fellow in Medieval Studies. The successful candidate will be responsible for the management of the department and for the supervision of the staff. The salary is £12,000 per annum. Applications should be sent to the University of Tasmania, Hobart, Australia.

S. HUGH'S COLLEGE, OXFORD  
OFFICIAL FELLOWSHIP AND TUTORSHIP IN HISTORY

The College proposes to elect an Official Fellow and Tutor in Modern History (18th and 19th centuries) with Tutorship in associated with the Fellowship and the successful candidate will be eligible for appointment to this post by the Board of the Faculty of History. Applications, giving particulars of qualifications and experience and mentioning the names of three referees, should be sent by 1st December, 1977, to the Principal, from whom further particulars may be obtained.

University of Nairobi  
KENYA

Applications are invited for the post of Lecturer in Social Work. The successful candidate will be responsible for the management of the department and for the supervision of the staff. The salary is £12,000 per annum. Applications should be sent to the University of Nairobi, Nairobi, Kenya.

University of Cambridge  
THORPE HOUSE SCHOOL NORWICH

Applications are invited for the post of Lecturer in Social Work. The successful candidate will be responsible for the management of the department and for the supervision of the staff. The salary is £12,000 per annum. Applications should be sent to the University of Cambridge, Cambridge, CB2 3RQ.

## THE NORTH OF SCOTLAND COLLEGE OF AGRICULTURE

Applications are invited for the post of Lecturer in Agriculture. The successful candidate will be responsible for the management of the department and for the supervision of the staff. The salary is £12,000 per annum. Applications should be sent to the North of Scotland College of Agriculture, Aberdeen, Scotland.

## University of Southampton

Applications are invited for the post of Lecturer in Social Work. The successful candidate will be responsible for the management of the department and for the supervision of the staff. The salary is £12,000 per annum. Applications should be sent to the University of Southampton, Southampton, UK.

## SAUDI ARABIA—Arab family

Applications are invited for the post of Lecturer in Social Work. The successful candidate will be responsible for the management of the department and for the supervision of the staff. The salary is £12,000 per annum. Applications should be sent to the Saudi Arabia, Saudi Arabia.

## NOTICE TO BIDDERS

## PRE-QUALIFICATIONS OF INTERNATIONAL ENGINEERING FIRMS AND CONTRACTING ASSOCIATIONS WHO INTEND TO BID ON THE CONSTRUCTION OF THE YACYRETA HYDROELECTRIC PROJECT.

The ENTIDAD BINACIONAL YACYRETA created in accordance with the third article of the Treaty signed both by the Republic of Argentina and the Republic of Paraguay on December 3, 1973, will accept pre-qualifications of ENGINEERING FIRMS AND CONTRACTING ASSOCIATIONS for the construction of the main civil works of the YACYRETA hydroelectric project on Yacyreta Island in the Parana River.

This notice of pre-qualification is public and international for those ENGINEERING FIRMS AND CONTRACTING ASSOCIATIONS highly specialized in the construction of large hydroelectric projects. The ENTIDAD BINACIONAL YACYRETA project has already entered into negotiations with the World Bank and the International Bank for Development to obtain a loan to finance the construction.

Prospective bidders can obtain tender documents in the Financing Department of the ENTIDAD BINACIONAL YACYRETA at Junin Street 1060, 6th floor, Buenos Aires, Argentina, during the following times: 9.00 a.m. to 1.00 p.m. and 3.00 p.m. to 7 p.m. at the price of 150,000.00 (Argentine pesos) for the first copies and 100,000.00 (Argentine pesos) for additional copies. At Humaita Street 357, 2nd floor, Asuncion, Paraguay, during the following times: 7.00 a.m. to 12.00 p.m. and 3.00 p.m. to 7.00 p.m. at the price of 50,000.00 (Argentine pesos) for the first copies and 37,500.00 (Argentine pesos) for additional copies. Interested parties must register their addresses at the offices at YACYRETA in Buenos Aires, Argentina.

Applications for pre-qualification will be received at the place of the bid opening indicated in the Specifications until 4.0 p.m., February 2, 1978, at which moment bids openings will be carried out in the presence of the applicants and the corresponding act will be signed.

Gran Hotel Provincial de Mar Del Plata City  
Argentine RepublicNational and International  
Public Tender Number 547

A National and International Public Tender for bids is announced for the total development concession of the GRAN HOTEL PROVINCIAL DE MAR DEL PLATA CITY, District of General Pueyrredon, Province of Buenos Aires, Argentine Republic. This is to include the following services: bedrooms, restaurant, cafeteria, bar, tea-room, theatre, art gallery, car park and a part of Bristol beach corresponding to the above mentioned hotel real estate, in accordance with the clauses, specifications, reserves and exceptions established in the Basis and Conditions Specifications.

The Hotel premises now in possession of Loteria de Beneficencia Nacional y Casinos (National benevolent Lottery and Casinos) and the premises located on the second floor, awarded by Public Tender number 174 P.M., are excluded from this tender.

TERM OF THE CONCESSION: 20 years with an option of up to 10 further years.

TENDERS TO BE SUBMITTED BY: 9 a.m. on December 7th at the Direccion de Administracion Contable del Ministerio de Economia, 48th Street, between 7th and 8th Streets, Second Floor, 1900 La Plata, Argentine Republic.

TENDERS WILL BE OPENED AT: Ex-Chamber of Deputies of the Province of Buenos Aires Legislature, 53rd Street between 7th and 8th Streets, City of La Plata at 10 a.m. on the following dates.

OPENING OF THE TENDERS: Envelope 1 (Preliminaries) on December 7th, 1977. Envelope 2 (Proposals) on December 22nd, 1977.

DELIVERY OF THE SPECIFICATIONS: From November 2nd, 1977, at the Department of Tourism, 49th Street, Number 583 (Between 6th and 7th Streets), 1900 La Plata, Province of Buenos Aires and at the Casa de la Provincia de Buenos Aires, Callao 237, Buenos Aires, Argentine Republic.

COST OF THE SPECIFICATIONS: Fifty Thousand Pesos Arg. (50,000). The Specifications obtained for the previous tender for bids (Number 545) can be exchanged, free of charge, for the new ones.

PROVINCIA DE BUENOS AIRES, MINISTERIO DE ECONOMIA  
DIRECCION DE TURISMO



















## SPORT

## Ballydoyle beacon burns brightest

By Michael Phillips  
Racing Correspondent

Another season of flat racing in England finally ended on Saturday with Vincent O'Brien the leading trainer for the second time during his remarkable career. Robert Sangster, his principal owner nowadays, winning more prize money than anyone else; E. P. Taylor, a Canadian, becoming the leading breeder in these isles for the second time thanks to The Minstrel, and Patrick Eddery crowned champion jockey for the fourth year in succession.

To do justice to everyone who stole the limelight from time to time in 1977 would need a book, so I must beg the forgiveness of those whose achievements have been overlooked. I make no bones about limiting my remarks to the training profession in O'Brien, Eddery, Taylor and Hastings-Bass.

Although fully aware of inflationary trends and increased rewards O'Brien's feat in becoming the leading trainer in England from a base outside the country was the most notable achievement of the season in my opinion. His success was a vivid reflection of his judgment and skill and that of his staff at Ballydoyle. But in terms of pure professionalism, Eddery and Taylor, both former champions, are his equal.

This year Eddery enjoyed the best season of his career which now spans 20 years and Taylor trained more than a hundred winners for the third year in a row, which is something that no one else has managed to accomplish this century, and possibly ever.

In terms of pure professionalism, Eddery and Taylor, both former champions, are his equal. Hastings-Bass put the finishing touches to a memorable first season by winning the November Handicap with Salicotto. Of course it is only fair to say that a trainer is but part of the team. The moment of triumph belongs to the horse, owner and breeder have to be considered, and this is where a number of important characters fit into the pattern of the story of this season.

Least of all, but not the least, is the champion jockey, who more in terms of races won, but the balance and determination—both mental and physical—needed to make him the champion time after time between 1950 and 1971, has not deserted him. Eddery, Eddery and Eddery, those at Sandown Park and Goodwood on Aratus; his riding of

Sagaro in the Ascot Gold Cup and his handling of Alleged in the Arc, which might also be described as a ride of a lifetime, were evidence of the fact that he is still the supreme master of his craft. Together, Piggott and O'Brien have shown this year that they are an extremely hard combination to beat.

The Eddery-O'Brien partnership was new this year, but what better way to cement a relationship than come up with the leading results that they did. With Walwyn's stable at Seven Barrows as his platform, Eddery had an enviable springboard from which to launch his attempt to become the champion jockey for the fourth time in a row, something that only Piggott, Sir Gordon Richards, Steve Donoghue and Frank Wootton had managed this century.

In my eyes, Eddery is seldom guilty of losing a race that he ought to have won. And, by invariably being in the right position at the right time, he often manages to steal the odd race that others might have lost. Ironically, possibly the best race that he rode all season was one that he lost at Ascot in July when he was within a whisker of beating Piggott and The Minstrel on Orange Bay. He rode like a man inspired that day.

Piggott has a very soft spot for The Minstrel and if the colt was never as good in his eyes and eyes of many others as his close relation, Nijinsky. And why not? After all, The Minstrel did something that no one else has done: he won the Derby.

Statistics for 1977 flat season

**Jockeys**

Jockey	Wins	Places	Shows	Total
P. Eddery	173	328	108	609
M. Piggott	150	285	105	540
M. Taylor	145	275	100	520
M. W. Taylor	135	265	95	495
M. W. Taylor	130	255	90	475
M. W. Taylor	125	245	85	455
M. W. Taylor	120	235	80	435
M. W. Taylor	115	225	75	415
M. W. Taylor	110	215	70	395
M. W. Taylor	105	205	65	375
M. W. Taylor	100	195	60	355
M. W. Taylor	95	185	55	335
M. W. Taylor	90	175	50	315
M. W. Taylor	85	165	45	295
M. W. Taylor	80	155	40	275
M. W. Taylor	75	145	35	255
M. W. Taylor	70	135	30	235
M. W. Taylor	65	125	25	215
M. W. Taylor	60	115	20	195
M. W. Taylor	55	105	15	175
M. W. Taylor	50	95	10	155
M. W. Taylor	45	85	5	135
M. W. Taylor	40	75	0	115
M. W. Taylor	35	65	0	95
M. W. Taylor	30	55	0	75
M. W. Taylor	25	45	0	55
M. W. Taylor	20	35	0	35
M. W. Taylor	15	25	0	15
M. W. Taylor	10	15	0	5
M. W. Taylor	5	5	0	0

**Breeders**

Breeder	Wins	Places	Shows	Total
M. Piggott	173	328	108	609
M. Taylor	150	285	105	540
M. W. Taylor	145	275	100	520
M. W. Taylor	135	265	95	495
M. W. Taylor	130	255	90	475
M. W. Taylor	125	245	85	455
M. W. Taylor	120	235	80	435
M. W. Taylor	115	225	75	415
M. W. Taylor	110	215	70	395
M. W. Taylor	105	205	65	375
M. W. Taylor	100	195	60	355
M. W. Taylor	95	185	55	335
M. W. Taylor	90	175	50	315
M. W. Taylor	85	165	45	295
M. W. Taylor	80	155	40	275
M. W. Taylor	75	145	35	255
M. W. Taylor	70	135	30	235
M. W. Taylor	65	125	25	215
M. W. Taylor	60	115	20	195
M. W. Taylor	55	105	15	175
M. W. Taylor	50	95	10	155
M. W. Taylor	45	85	5	135
M. W. Taylor	40	75	0	115
M. W. Taylor	35	65	0	95
M. W. Taylor	30	55	0	75
M. W. Taylor	25	45	0	55
M. W. Taylor	20	35	0	35
M. W. Taylor	15	25	0	15
M. W. Taylor	10	15	0	5
M. W. Taylor	5	5	0	0

**Sires**

Sire	Wins	Places	Shows	Total
Northern Dancer	173	328	108	609
Northern Dancer	150	285	105	540
Northern Dancer	145	275	100	520
Northern Dancer	135	265	95	495
Northern Dancer	130	255	90	475
Northern Dancer	125	245	85	455
Northern Dancer	120	235	80	435
Northern Dancer	115	225	75	415
Northern Dancer	110	215	70	395
Northern Dancer	105	205	65	375
Northern Dancer	100	195	60	355
Northern Dancer	95	185	55	335
Northern Dancer	90	175	50	315
Northern Dancer	85	165	45	295
Northern Dancer	80	155	40	275
Northern Dancer	75	145	35	255
Northern Dancer	70	135	30	235
Northern Dancer	65	125	25	215
Northern Dancer	60	115	20	195
Northern Dancer	55	105	15	175
Northern Dancer	50	95	10	155
Northern Dancer	45	85	5	135
Northern Dancer	40	75	0	115
Northern Dancer	35	65	0	95
Northern Dancer	30	55	0	75
Northern Dancer	25	45	0	55
Northern Dancer	20	35	0	35
Northern Dancer	15	25	0	15
Northern Dancer	10	15	0	5
Northern Dancer	5	5	0	0

**Trainers**

Trainer	Wins	Places	Shows	Total
M. Piggott	173	328	108	609
M. Taylor	150	285	105	540
M. W. Taylor	145	275	100	520
M. W. Taylor	135	265	95	495
M. W. Taylor	130	255	90	475
M. W. Taylor	125	245	85	455
M. W. Taylor	120	235	80	435
M. W. Taylor	115	225	75	415
M. W. Taylor	110	215	70	395
M. W. Taylor	105	205	65	375
M. W. Taylor	100	195	60	355
M. W. Taylor	95	185	55	335
M. W. Taylor	90	175	50	315
M. W. Taylor	85	165	45	295
M. W. Taylor	80	155	40	275
M. W. Taylor	75	145	35	255
M. W. Taylor	70	135	30	235
M. W. Taylor	65	125	25	215
M. W. Taylor	60	115	20	195
M. W. Taylor	55	105	15	175
M. W. Taylor	50	95	10	155
M. W. Taylor	45	85	5	135
M. W. Taylor	40	75	0	115
M. W. Taylor	35	65	0	95
M. W. Taylor	30	55	0	75
M. W. Taylor	25	45	0	55
M. W. Taylor	20	35	0	35
M. W. Taylor	15	25	0	15
M. W. Taylor	10	15	0	5
M. W. Taylor	5	5	0	0

**Owners**

Owner	Wins	Places	Shows	Total
M. Piggott	173	328	108	609
M. Taylor	150	285	105	540
M. W. Taylor	145	275	100	520
M. W. Taylor	135	265	95	495
M. W. Taylor	130	255	90	475
M. W. Taylor	125	245	85	455
M. W. Taylor	120	235	80	435
M. W. Taylor	115	225	75	415
M. W. Taylor	110	215	70	395
M. W. Taylor	105	205	65	375
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M. W. Taylor	90	175	50	315
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M. W. Taylor	60	115	20	195
M. W. Taylor	55	105	15	175
M. W. Taylor	50	95	10	155
M. W. Taylor	45	85	5	135
M. W. Taylor	40	75	0	115
M. W. Taylor	35	65	0	95
M. W. Taylor	30	55	0	75
M. W. Taylor	25	45	0	55
M. W. Taylor	20	35	0	35
M. W. Taylor	15	25	0	15
M. W. Taylor	10	15	0	5
M. W. Taylor	5	5	0	0

too, by winning the Derby, the Irish Derby and the King George VI and Queen Elizabeth Diamond Stakes.

Those three races are not only hard to win at the height of the season, and by doing so The Minstrel did prove that although he may have looked fast, he was a supremely tough and sound horse through and through. It must be said that he knew not how to run a bad race, which cannot be said of many others. E. P. Taylor owes his position at the top of the breeding tree, primarily to The Minstrel, but it is forgotten he is also the breeder of another potential champion, the 1976 two-year-old Try My Best. Mr Taylor first topped our charts in 1970 when Nijinsky was in his prime. All three were by Northern Dancer, who is arguably the most influential stallion alive today.

Both The Minstrel and Try My Best carried Robert Sangster's colours as indeed, did Alleged. Inevitably jealousy has risen in his head this season, but when anyone is prepared to invest small sums of money, not so small-fortune in racing they deserve all the success that comes their way in my opinion, and they have been destined to see Mr Sangster's huge involvement over the past three years begin to bear fruit. Spurred on by their own success, the heavy loads syndicates are clearly here to stay.

Against that, the Minister did something that no one else has done: he won the Derby.

Statistics for 1977 flat season

**Jockeys**

Jockey	Wins	Places	Shows	Total
P. Eddery	173	328	108	609
M. Piggott	150	285	105	540
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M. W. Taylor	130	255	90	475
M. W. Taylor	125	245	85	455
M. W. Taylor	120	235	80	435
M. W. Taylor	115	225	75	415
M. W. Taylor	110	215	70	395
M. W. Taylor	105	205	65	375
M. W. Taylor	100	195	60	355
M. W. Taylor	95	185	55	335
M. W. Taylor	90	175	50	315
M. W. Taylor	85	165	45	295
M. W. Taylor	80	155	40	275
M. W. Taylor	75	145	35	255
M. W. Taylor	70	135	30	235
M. W. Taylor	65	125	25	215
M. W. Taylor	60	115	20	195
M. W. Taylor	55	105	15	175
M. W. Taylor	50	95	10	155
M. W. Taylor	45	85	5	135
M. W. Taylor	40	75	0	115
M. W. Taylor	35	65	0	95
M. W. Taylor	30	55	0	75
M. W. Taylor	25	45	0	55
M. W. Taylor	20	35	0	35
M. W. Taylor	15	25	0	15
M. W. Taylor	10	15	0	5
M. W. Taylor	5	5	0	0

**Breeders**

Breeder	Wins	Places	Shows	Total
M. Piggott	173	328	108	609
M. Taylor	150	285	105	540
M. W. Taylor	145	275	100	520
M. W. Taylor	135	265	95	495
M. W. Taylor	130	255	90	475
M. W. Taylor	125	245	85	455
M. W. Taylor	120	235	80	435
M. W. Taylor	115	225	75	415
M. W. Taylor	110	215	70	395
M. W. Taylor	105	205	65	375
M. W. Taylor	100	195	60	355
M. W. Taylor	95	185	55	335
M. W. Taylor	90	175	50	315
M. W. Taylor				



## Rugby Union

By Richard S. Spector

## Yorkshire in sight of Northern group title

**By Richard Sreeroot**  
Another display of total commitment took Yorkshire further along the road towards the 1974-75 Northern League championship title at Gosforth on Saturday. A stern challenge from Northamptonshire was met by the visitors who slowly traced back and finally crushed it at the closing moments. Six years have passed since Yorkshire last won the league championship but they cannot now be overtake if they fulfil their expected win against Ipswich against Cheshire at Wilmoss.

Yorkshire won by a goal, three penalty pals a dropped goal and a try and dropped goals (12) though he margin conveyed little more than a goal against a goal and a try.

Northamptonshire's first minutes were left when Yorkshire moved ahead 16-12 but their second try and dropped goal six more points during injury time.

[illegible]

By Re Henry

The Coventry rugby powerhouse had lights trimmed on Saturday afternoon when the Welsh put on a show. London Welsh put the spanner in the works with two goals and two tries (20 tries) to two goals and one try (10 tries) and secured their first victory at Coundon Road since the 1953-54 season.

Which a big part was played by an Englishman, Bennett, at stand-off half, this was a success that owed much to the Welsh. The ball was spun nicely in the deft, instinctive way that others can manage only with a great deal of practice. The pleny of resolve in the Coventry side, especially in the hard-running three-quarter line, showed a simplicity that is simply not enough against more sophisticated opposition. Four times the Welshmen at home and three times they have

London Welsh dominated the first half and those play and Bowring on a flank, scored two tries. Lewis and Bennett turned possession to better advantage than the opposing half backs and the wingers. Richards scored a try each. Overall, it was a display of the familiar Welsh hall marks of fast and fluid movements, intelligence, coordination, and composure.

Before the match and during the match did not prevent the full employment of back lines, which was a credit to both teams. It was not until the 25th minute that London Welsh began to show their true colors. Taylor, who had been through the wind tunnel, broke through and passed to Bowring.

[illegible]

Rosborough converting.

With the battle decided there were still some salvos to be fired. Richards finished off one inexorable because, coming from the right wing, he had to make it 20-9. Then, in the last two minutes, Rosborough strode through the gathering gloom to score a try in the corner with his own hands.

CAPTAIN: P. Rosborough (captain); S. Matsey; P. Ceuthard; G. Jones; J. Williams; C. Hughes; J. Lander; J. Hamer; C. Weston; R. Jones; D. Lewis; W. Overy; B. Minns; H. Shipstead.

LONDON: C. Hughes; C. Williams; A. Richards; V. Bennett; A. Lewis; J. Hamer; E. Adams; J. Howcroft; Sub. E. Williams; D. K. Harris; J. Hamer; J. Taylor.

'Captain': M. J. Tittcomb (Gloucester and Bristol Society).

**By Peter West**

**Rugby Correspondent**

It is a rare pleasure these days to see a player of the club enter Moseley, to register as thumping a win over a Welsh one as they achieved against Newport at The Reddings on Saturday. With the club's reputation being based on their admirable pack and with Swain scoring as good a centre's try as we are likely to see in any season, they beat the club's holders to the goal, two penalty goals, and four tries (28 net) to 0.

So Newport went the way of Swansea, Aberavon and Cardiff before them, and the club are now going away to Newport to confirm their status as 'the only unbeaten club in the big league. Moseley have been in the first place for a while in the second half, the last two of them in the closing minutes, underlining the extent to which, in the last few years, they were calling the shots against some frustrated and disorganised opposition.

Probably the key score was the one obtained by Swain at the end of the first period. Moseley

were leading by just 10 points and wondering, perhaps, whether it would be sufficient balance to carry forward against the elements.

Cooper deftly picked up a low service off his toes, behind a line-out won by Ayre, and Swain, with dummy and swerve, left Willis for dead in the middle and then swayed outside the full back, Leighton Davies, to score—from a set piece—a refreshingly old-fashioned try. Meanwell converted. If there was little in the

Newport performance to enhance the two Welsh selectors present—though Squire, the British Lion and No. 8, looked in buoyant form in the open—Cliff Jones and Rod Williams were the only players to be named. The Welsh selectors, Swain, the Welsh Sports International several seasons ago, looked as sharp as ever.

John Currie, the one England selector present, should have felt his journey to Cardiff rewarded. A difficult day, the most of some late defence around the Newport fringes, produced what one former international described as the best attacking performance he had seen this season.

With an eye to future events, Currie may have felt that yet more significant was the game played by Jevons, the Moseley No. 1.

Newport, well beaten by Llanelli mere days ago, have conceded 44 points in their last two games. On this occasion, they played a white flag game, conceding a white flag replacement for an injured Lion, Gareth Evans, at centre, and his distribution was not equal to the

The half back pize kicked authority and imagination. The mid-field plays caried no conviction against the rousing defence of Barrie Codess and Swain. Two powerful wings were sadly neglected. Newport gave Moseley the wind and Messwell took advantage of it to kick two early penalties.

Then Moseley scored their first try when Gifford, fed by Jeevons, broke clear on the short side of a scrummage and taking a return, inside pass, forced his way to the

line. By then, Lease, who was a moulder injury, had been replaced on a Newport flank by Barrell. After Swain's try had made it 16-0 at the interval, Leeseon, who had been thrown the back of a lineout which gave Gifford his chance of a searing open side thrust, supported by Cooper and Swain, should have led to another try but Beddoes arrived too late on the left and Swain, who cut inside, by then, however, for Gifford to follow. For by then, Evans and Warren behind a scrum-magee, he cut back to the short side to provide a perfectly timed cross to the left wing, who, through some weak Newport cover for the third try.

Ayre, Warren and Cox thrust forward, and the latter, running forwards, with the wind in their sails, drove over the line for Trevor Corless to score No. 4. A second try, another try, was scored by Gifford, from close to his own line. Field instigated an attack on the left and, with an inside cut, scored the fourth try.

White then held up over the line but Warren, the captain, was on

hand for the rough down. Newport's failure to score was not so bleak as it sounds. Twice in the later stages they spurned kicks at goal from comfortable range.

**MOSELEY:** C. Meanwell, A. Thomas, W. K. Swain, S. J. Corless, P. Heddeso, M. J. Cooper, C. J. Gifford, S. Corless, J. G. Gifford, J. Gifford, G. Ayr, R. Field, W. A. White, N. Jevons, D. G. Warren (captain).

**NEWPORT:** L. Davies, K. Davies, D. Swain (captain), S. Wylie, J. Cranton, D. Rogers, A. Evans, C. Smart, S. Jones, W. Owen, J. Watkins, D. Waters, S. Lewis, and R. Jones.

Referee: R. J. Quinlan (Sussex).

Paris, Nov. 6.—New Zealand

seen to be giving several of their possible international side a run-out in Tuesday's match at Bayonne. Bevan Wilson, who returned yesterday, after being injured in the first blackball, could play on Tuesday. Yesterday at Agen he was unable to make the goal kicks and the All Blacks tried three players with varied success. They obviously want to see if he can kick before naming the team for the first international at Toulouse on Friday.

Bray Williams has been playing with little success at full back in the last two matches. An injured leg meant he could not kick yesterday so he missed the match and Taylor played on the right wing. Williams is expected to return and New Zealand's manager appears undecided about whom to play at full back and right wing at Toulouse.

After a dazzling 45-3 win at Brive a fortnight ago the All Blacks were back to their winning momentum. They won narrowly 12-10 at Lyon and 12-6 at Perpignan. But yesterday they progressed to the quarter-finals by a play to win 34-12 at Agen—Agence France-Presse.

## By Gordon Allan

Aberavon came within a couple of paces of an improbable victory at Franklin Gardens on Saturday. The home side were 1-0 up at 17-14 to Northampton but, in the last minute of injury time, it was 17-13 and Northampton were penalized as they took only a half-wick and bump from their own line.

Aberavon's optimism glowed like a firework in the rain, and just as the Reedsingly, Shells, and the other Northampton players were being tried by the whistle of Mr. Briggs blew his whistle for no-side and Northampton had won by two penalty goals, a dropped goal and a try. It was 17-13 to Northampton, penalty goal and a try (13).

The odds were against Aberavon. They had not won at Northampton for 10 years. They had fielded half a dozen referees. Their three British Lions—Bevan, Sturton and Clive Williams—were injured. They had a new referee, playing yet. Martin is injured and Williams, who has had a knee operation, is probably out for some time.

On top of all this, they saddled themselves with a deficit of 11 points in the first 10 minutes. They were 11-0 down. A half move, Cannon ran on to the ball at a velocity appropriate to his name and the ball was in the corner. Kern scored when Page and McGuckian explored the blind-side of a set scrummage. Carter kicked the ball into the corner.

Aberavon picked themselves up

and began to play more like Aberavon after that.

Northampton are beginning to find some form after a nondescript start to the season. They conceded 94 points in two matches last month, but they have beaten three since. They are teamed between old and new, like Coventry.

The score at half-time was 11-4. Costell, a former Llanelli stand-off having been recruited by them for Aberavon from a break by Shaddis. In the second-half, Wright dropped a goal (if the crossbar had been an inch higher, he would have scored). However, Carter kicked a penalty for Northampton, and Rees kicked a penalty and converted a try by Hutchings for Aberavon.

Rees also missed two penalties, one of which he played well otherwise. His catching of the high ball on the run was spectacularly sure. There were two tries each side at half-time. Jim Owen, an Aberavon lock, came off, blood streaming from his head, and Johnson, the scrum-half hooker, damaged a rib cartilage.

NORTHAMPTON: P. Carter; K. Price; J. Gutter; W. Jones; M. Verelstam; I. Wright; J. Page; N. Williams; R. Smith; A. Cannon; D. Lister; A. Houghton.  
ABERAVON: G. Jones; E. James; S. Jones; T. Thomas; C. W. Costell; C. Shell; J. Richardson; W. Evans; B. Roberts; J. Hughes; F. Rush; D. Lockie; P. Berni; B. Davies. O. Griffiths.

Referee—T. Triggs [London].

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## Rugby Union results

[illegible][illegible]

**Johnnie Walker  
Black Label**

EXTRA SPECIAL OLD SCOTCH WHISKY



## The Civil War heroes and villains in blue and red on a Madrid cinema screen



Picture from the past: Franco meets Hitler.

"In this film all the actors including millions of Spaniards interpret their own history: with the live performances of Pasionaria, anything similar between what happens here and reality is not fantasy. Protagonist: . . . Francisco Franco."

Scene: Spain. Date: 1936-39. At first sight this announcement displayed in bold letters outside a cinema in Madrid looks like an advertisement for a spoof film on the Spanish Civil War. In fact it is the billboard of the first authorized film on the Civil War, a documentary called *Caudillo* after the late General Franco, the self-styled "Caudillo of Spain by the Grace of God".

Not surprisingly, the film is a hit, for the great majority of Spaniards belong to the "silent (post Civil War) generation" and have little idea of what really happened to the generation which took part in the war, the survivors of which are also flocking to see the film. For the first time Spaniards are able to examine that tragic past, previously only covered in the official propaganda of the Franco era.

Above the announcement is a huge cut-out figure of Franco in military uniform with his arm outstretched towards a Nazi plane. Another scene shows two women clasp each other while bombs explode around them. Inside the cinema there are cut-out figures of an anarchist, a Falangist and other wartime participants. On the walls there are old black-and-white photographs of the war.

The red and yellow Spanish national flag is draped in several places—the Republican flag, however, is not to be seen for it is still illegal on public buildings.

A police jeep nightly patrols the area by the cinema, just off the Gran Via, in case of attacks on the cinema by right-wing extremists. *Caudillo* is the third documentary by Sr. Basilio Martín Patino. His first one *Canciones para después de una guerra* (Songs for after a war) used, as in *Caudillo*, newsreels, material and commentaries of the time to brilliantly recreate life after the Civil War. It was banned for six years—or to be more precise it was approved on June 3, 1971, by the board of censors and then not allowed to be shown until August, 1976, because it offended various regime figures who overruled the censors' ban. *Caudillo* also experienced some problems.

It is a strange experience to see the film, which uses a blue tint for the sequences of the Nationalists—the *azules* (blues) as they were called—and a red tint for the sequences of the Republicans—the *rojos* (reds) as they were nicknamed.

Brought up on official propaganda (the ban on publishing Professor Hugh Thomas's standard book on the Civil War was only lifted a year ago) Spaniards are seeing for the first time the protagonists of that period. It is an eerie sensation to walk out of the cinema afterwards and realize that many of the "heroes" and "villains" shown on the screen are alive and well in Spain like "La Pasionaria", Dolores Ibarruri, the 82 years old president of the Spanish Communist Party, back in Madrid after 38 years' exile in Moscow.

In *Caudillo* she is seen addressing Republicans and telling them that many aspirations have been cast on her character by the Nationalists and that if they mean that she could not be prouder than if they fought against Fascism. "La Pasionaria" gave basically the same message at a rally in Madrid this month.

Historic film of the bombing of Guernica is shown in a dramatic scene interchanging the destruction of the ancient Basque town with haunting shots of the child-like eyes of Picasso, who immortalized the bombing by the Condor Legion. The same day that I saw the film the senate approved proposals: the return to Spain of the painting "Guernica" and of the remains of Alfonso XIII, Sr. Manuel Azana and Sr. Niceto Alcalá (both presidents of the Republic who like the king died in exile). It was as if history was catching up with itself.

One of the many moving scenes in the film which includes gruesome pictures of people shot) shows Alfonso XIII leaving Spain in 1931 just before the second Republic was established. His grandson, Juan Carlos, is now one of the driving forces behind the transition from dictatorship to democracy and the two sides are reconciled after the October amnesty.

Sr. Rafael Alberti, the communist poet, also back in Madrid, is shown reading poems to troops. On the other side Sr. Raimundo Fernandez-Cuesta, now trying to get together an extreme right-wing National Alliance, is seen praising Fascism. The face of Sr. Jose Maria Gil Robles, the leader of the powerful conservative CEDA in the 1933 election, is seen on posters: Sr. Gil Robles was joint leader of the Christian Democrat alliance in the June general election and won a mere 1.4 per cent of the votes.

Spaniards are watching *Caudillo* calmly with few of the expected cheers and hisses for the "heroes" and "villains" while they search their consciences for the causes of this fraudulent confrontation.

William Chislett

Elizabeth Bower reports on the Soviet Union 60 years after the Revolution

## When will Mother Russia wake up from her long sleep?

Sixty years after the Bolshevik Revolution of October, 1917, the modern Soviet state remains, albeit greatly changed, morally crippled by two endemic characteristics—fear and hypocrisy from both of which Vladimir Ilyich Lenin was personally free.

On the anniversary of that revolution, the men who will stand on the saluting base above the ox-blood marble mausoleum on Red Square are at once the executors and victims of Lenin's will.

Chief among them is Leonid Ilyich Brezhnev who has reached the pinnacle of his career at the age of 70. No leader since the revolution has had so much constitutional power concentrated in his person (even Sadia never bothered to make himself President) and Brezhnev's concern for constitutional legality, in Soviet though, not of course Western eyes, is one of the hallmarks of his rule.

In the 10 years since the fifth anniversary President Brezhnev is at first a consensus figure, has emerged as an unchallenged leader and principal policy maker. His speeches and utterances are constantly cited, his picture is everywhere, in books, magazines and on the streets.

Beneath a war portrait of him on Mayakovskiy Square run the words: "The contemporary achievements of the Soviet people are the direct continuation of the October Revolution."

The new constitution, nurtured by President Brezhnev himself (though thought of by Khrushchev), and recently adopted by the Supreme Soviet is a far more truthful and less hypocritical document than the 1936 Stalin one. It is also more repressive.

It openly and textually legalizes the dominant role of the

Communist Party, and the mechanics of its adoption, with nationwide discussion has been brilliantly handled from the Communist Party's point of view.

Ordinary Russians with whom I spoke of it were convinced that it had been formulated in the most democratic possible manner and most of them remained convinced that the Soviet Union was the highest organ of state: its real significance had entirely escaped them.

For President Brezhnev the constitution is one of a number of successes which surely even the most curmudgeonly of western critics must concede. Think back to the cool inflection of the world: the "Brezhnev doctrine" which justified the invasion of Czechoslovakia in 1968 and the dogged manner in which Soviet diplomacy finally pushed the western countries to negotiate at Helsinki.

The expansion of the Soviet navy, begun under Khrushchev, has continued at a fearsome rate and in terms of overall strategic power the Soviet Union now matches and in some cases outdistances the United States. If things haven't gone all his way in Africa and the Middle East, they haven't particularly gone anyone else's way either.

Even inside Russia there is grudging admiration from some of Brezhnev's critics. One Soviet Jewish friend, a person of towering integrity who suffered greatly in the Stalin years and after told me: "Brezhnev is the first to get to the top without shedding blood: he has done some things well." If Leonid Ilyich knew the source of that remark he might indeed be flattered.

Another Russian friend, a stalwart party member of

many years who was bitterly scornful of the dissidents, referred openly to the terror which gripped everyone in the Stalin years and added: "You do not understand. What we have now is already glorious freedom compared to what we had then."

These remarks sadly illustrate that the criteria by which the Soviet Union must still be judged in the twentieth century are scarcely those of the civilized world. Humanitarian progress in the Soviet Union consists in having many thousands or so of its citizens in concentration camps rather than millions under Stalin. Its frontiers are still closed; very ordinary people are viciously persecuted for holding nonconformist views; priests and religious believers often suffer terrible repression, and those who wish to emigrate are hounded from their jobs.

Notwithstanding all this, there is change. On the psychological level it was well summed up by an acute western observer and Moscow resident who said to me: "With Brezhnev has done is to make the Communist Party respectable again." From the West's point of view this may be his most dangerous achievement.

On the strictly material level things have improved, not only in the past 10 years, but very noticeably in the past three. Moscow, once incredibly drab, is a much more cheerful place to look at and a great deal of tidying up and refurbishing has been done (no doubt much of it with an eye to the 1980 Olympics).

The mood of the ordinary people and of the officials with whom I came in contact were noticeably relaxed. With one or two disagreeable exceptions, people were expressing their views without let or hin-

dance on a number of admittedly non-political subjects. Not long ago everything was political from poetry to potty-training.

In the big cities, the enormous numbers of foreigners have left their mark—to say nothing of their rights and leave now covering a large number of Soviet backside. Hopping around on trams and trolleybuses one is no longer conspicuous, nor did I provoke either fear or suspicion from passers-by of whom I asked the way, even in the far-flung outer suburbs of the city. The new mood was nicely expressed by a Russian woman I met in our hotel who said with simple spontaneity: "Won't it be nice when we can come to you as you can come to us." It will indeed.

In other ways, too, changes are creeping up on Soviet man. Better and more brightly lit communal even in new suburbs, not particularly better fed, but with subsidized food, the quality of life is slowly improving. Add this to very low rents and very cheap public transport and the picture is far from gloomy.

To many of the barely middle-aged and particularly those who lived through the war, the younger generation, just as in the West, seem both spoiled and pampered. To the young the revolution and the war are safely between the pages of history books. They are not looking back.

And while the economy is still an overcentralized shambles there are gleams of common sense here and there. In agriculture, one example of this is the government's attitude, nursed by Brezhnev himself, to the peasants' private plots. Not only do they

have a real contribution to make to the economy, he has repeatedly said, but state and collective farms are to give practical help by providing feedstuffs for the peasants' livestock. Could this be the seedbed of a future "green revolution"? Maybe and maybe not.

It is still in the field of economics that the Soviet leaders face their greatest internal challenge. The problems of supply, distribution and storage, the dilemma of over-manning in every sector of the economy to avoid unemployment, the colossal problems of infrastructure—these are enough to test the nerve and shrewdness of much younger men than those of the aging Politburo.

The economy is a nettlesome present Soviet leaders have not dared to grasp for fear of the ideological consequences. Though Brezhnev is something of an innovator in a cautious and unsensational way, the ideological dilemma is not one he shows any signs of being prepared to stare in the face. Indeed, the Kremlin's deep distrust of ideological change was evident in Brezhnev's anniversary speech last week when he strongly criticized Eurocommunism.

There is a famous passage written by the great revolutionary, Rosa Luxemburg, not long after Lenin had dissolved the Constituent Assembly by force in January 1918, thus betraying centuries of hope. It is still painfully appropriate today.

"Without general elections, without unrestricted freedom of the press and assembly, without a free struggle of opinion, life dies out in every public institution, the economy, the culture, the life in which only the bureaucracy remains as the new active element. Public life gradually

falls asleep, a few dozen party leaders of inexhaustible energy and boundless experience direct and rule."

When will Mother Russia awake from her long sleep? Dr. Andrei Sakharov is optimistic of political evolution, but not yet, as he told me in his Moscow flat:

"I think that at present, the activity of independently-minded people, those who are striving for open public discussion, for freedom to express their convictions, and for more information about the state of the country—all this activity is creating the preconditions for such an evolution in the future. In the first place, it is creating the preconditions for a transformation of public consciousness, which has been deformed by decades of terror of ideological pressure and ideological monopoly."

"I have no hope of seeing any real changes in the immediate future. In the broad historical perspective, I see that society is alive and is continuing to develop. In the past 40 years, it has indeed undergone a colossal transformation. It is obvious that in the long run, the human spirit will find within itself the strength to transcend its life and to transform itself in the way that human dignity demands."

As the years roll by into the twenty-first century perhaps a new generation of Soviet leaders will be able to put preceding Lenin into his proper place in the pages of the history books. Then they may take their courage in both hands, admit that Lenin was not infallible, and change the things that need to be changed. One can only hope—and pray.

The author, just back from Moscow, is a journalist and broadcaster who lived in Russia for many years.

Eric Heffer

## Our future may depend on the Eurocommunists

Ex-President Ford's outburst against communism in Europe and the banning of Santiago Carrillo's projected speech in Moscow are not without significance. Both acts are a recognition that Eurocommunism is gaining ground.

It would seem that Mr Ford is following a theme earlier developed by Dr Henry Kissinger, who made it abundantly clear that the extent to which any European communist party follows Moscow's line "is unimportant". He said: "Even if Portugal had followed the Italian model, we would still have been opposed."

This is not a surprising statement because if one accepts capitalism as the best of all economic systems, then even if it is to be phased out by democratic means, with the caveat that this could be very serious and dangerous consequences of confrontation between states could occur. This is what ex-President Ford's attitude could lead to.

The truth is that Eurocommunism as expressed, particularly by the Spanish, Italian and to a lesser degree by the French communist parties, is a new and important development in the communist world. It is a return to some extent to Marxian concepts which existed before the Russian October revolution.

The 60 years since the revolution have seen great changes in the communist world, since the end of the Second World War, the

growth of what the Italian Communist Party leader Palmiro Togliatti called, "Polycentrism". The central point of Eurocommunism is that at least certain communist parties should be free to determine their ideological and actual tutelage of the Soviet Union.

As Santiago Carrillo, the Spanish Communist Party leader, puts it in his book: "Eurocommunism and the state" soon to be published by Lawrence and Wishart, parts of which have already been published in the *New Statesman*, and from which I quote: "For us, the communist party of Spain, the culminating point in winning our independence was the occupation of Czechoslovakia in 1968 . . . a bald statement was made—in this case that Czechoslovakia was on the verge of falling into the hands of capitalism—and with that statement as a starting point, stories were concocted that were light years away from the truth. This was propagated, this could be very serious and dangerous consequences of confrontation between states could occur. This is what ex-President Ford's attitude could lead to."

The Spanish, Italian and French Communist parties declare that for them the path to socialism must be by democratic means and pluralism must continue with absolute freedom for the opposition within the communist camp. They have broken away from the dogma of the dictatorship of the proletariat, (despotism of the party apparatus) after having proclaimed the principle of the independence of communist parties and thus denied Soviet rule over the "movement", and at last, after having rejected Soviet standpoints on a few important issues (in particular, the 1968 invasion of Dubcek's Czechoslovakia) they still remain within "the movement" as defined by the overwhelming preponderance of the Soviet imperialistic state.

The most serious criticism which is being levelled by socialist and other non-communist parties is that the European communist parties have undoubtedly distanced themselves from the Soviet Union, and genuinely proclaimed their belief in the democratic process. This when he says: "Eurocommunism" phenomenon is not a tactical manoeuvre on

the part of Moscow," as some Spanish and non-Spanish reactionaries say. It is an autonomous strategic conception in the process of formation, born of the experience of those concerned and of a new reality. He is wrong to believe that only reactionaries are concerned about the sincerity of his and other Eurocommunists' statements.

For example, there is the scepticism of the dissident Polish philosopher, Leszek Kolakowski, who may be regarded by Carrillo as a reactionary, who says: "As to the Eurocommunists' leaders, their position is ambiguous as much by their utterances as by their silences. After having made all the well-known declarations about democracy, after having abandoned the dogma of the dictatorship of the proletariat, (despotism of the party apparatus) after having proclaimed the principle of the independence of communist parties and thus denied Soviet rule over the "movement", and at last, after having rejected Soviet standpoints on a few important issues (in particular, the 1968 invasion of Dubcek's Czechoslovakia) they still remain within "the movement" as defined by the overwhelming preponderance of the Soviet imperialistic state."

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ism" in organization. It is this which makes most socialists in Europe somewhat sceptical.

As Professor Horst Ehmke, an executive member of the German Social Democratic Party, puts it: "For us, therefore, the assurance of the socialist and party papers is basically less interesting than an answer to the question of to what extent the principle of 'democratic centralism' still dominates the internal structure of the parties with the result that—despite high membership figures in some cases—they continue to maintain cadre style organization."

This is a fundamental question, because without a doubt, political bureaucratic concepts spring from an organizational basis. The first great debate in the Russian Social-Democratic movement, which eventually split it into Bolsheviks and Mensheviks, was over the question of democratic centralism. Trotsky was originally opposed to the Leninist concept, although later, he fully accepted it.

He, like Rosa Luxemburg at a later stage, was correct to challenge "democratic centralism" because he felt this would lead to greater centralism and less democracy. However, although one has a right to be sceptical, it would be politically unwise not to recognize the importance of recent developments within certain European communist parties. They could mean that at last Europe could democratically evolve as originally envisaged by Marx and Engels into a socialist society.

For democratic socialists, particularly in Italy and France, these developments

have great significance, as in these two countries it would be impossible to have left-wing governments without communist participation.

In Britain the situation is quite different. The communist party here, while having some strength in the unions, with CP members on the General Council of the TUC, in electoral terms is insignificant.

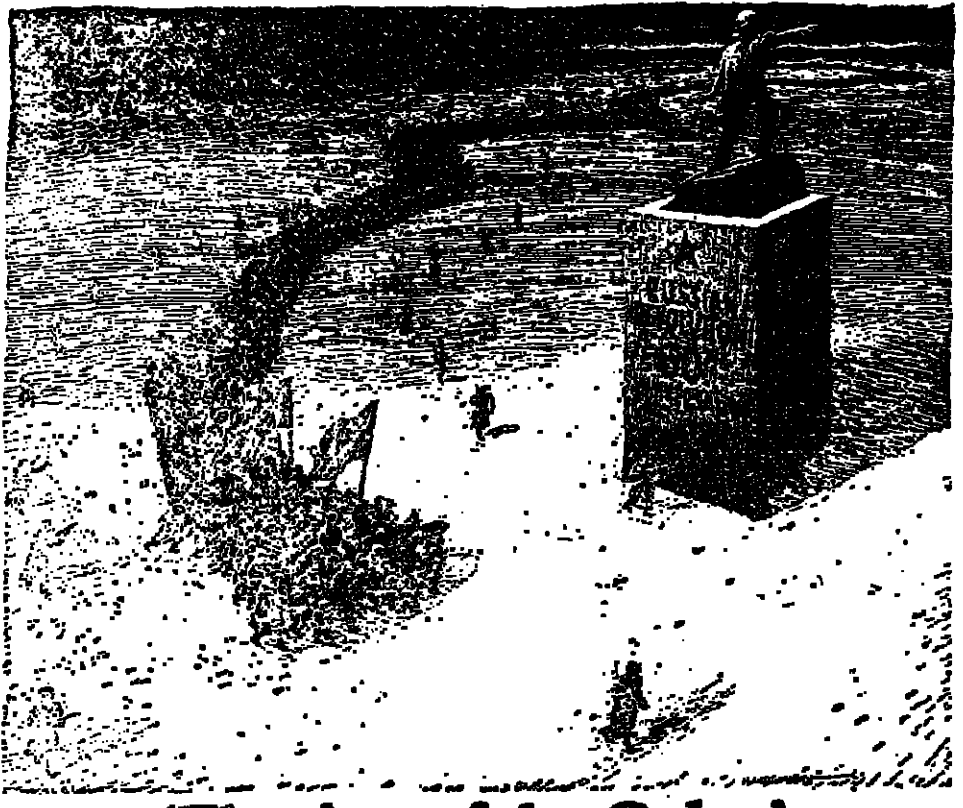
Overall, therefore, a new situation has developed in the European socialist movement. On the one hand, the old social-democratic policies have revealed their limitations and it is obvious that socialist internationalism, such as discussions between the Eurocommunists and the socialist internationalists, could not take place or be contemplated if the Euro-Party had not declared their independence from Moscow.

It is now essential for democratic socialists to discover just how genuine this independence is and to what extent non-communist parties have jettisoned their previous intellectual baggage and old organizational concepts. It was because the NEC of the Labour Party felt that information disseminated would be useful that the three Euro-communist parties were invited to send observers to Labour's annual conference.

It is clear that there is scope for further exchanges of views and it is not inconceivable that out of such discussions, and a possible schism between the Eurocommunists and Moscow, a new regenerated European Democratic Socialist movement could emerge. The future of a civilized Europe may well depend on it.

The author is Labour MP for Liverpool, Walton. © Times Newspapers Ltd, 1977

### ADVERTISEMENT



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The most touching and in some ways the most revealing moment during the royal tour of the Caribbean came during the time she did a radio interview in the British Virgin Islands. One of the Queen's detectives sidled over to the court correspondent of the Press Association. "Do you think," he asked her, "do you think you could do us all a favour?"

"What was it?" "Postcards," he replied. "A lot of us want postcards. And stamps. You see, we're always so busy with the Queen and Prince Philip when they visit these places that we never have time to go and do any shopping on our own. And our families expect postcards."

A total of 30 postcards was agreed, later increased to 35, but even that was not enough. When the party reached Barbados the detective was complaining that the ladies in waiting had snappers up the original consignment, and he put in an order for some more.

I find the image this conjures up rather alarming. There are our sovereign and her husband and their closest confidants shut away in a luxurious plying the Caribbean. When they reach land the doors are opened for a few strictly formal excursions, with no time to shop for souvenirs. Then off again to the next stop.

It is very odd, when you think about it, the perceived monarchy, this floating royal palace: the Queen on the high seas, shadowed by a vigilant

destroyer bristling with missiles. During this trip, she spent more time travelling between the places she is visiting than she did at the places themselves. I should have loved to be able to see some of the picnics they stopped for, barbeques on deserted islands, tablecloths flapping in the breeze, like a television advertisement for a soft drink or vermouth.

In some senses the voyage resembled a travelling medicine show in the old-time American West. It arrived, put on a flamboyant spectacle for a while and departed, leaving the people neither better nor worse off than they were. It did nothing to solve their real ills, but made them feel a little better simply by assuring them that they were for a day or two on the map.

The royal yacht is itself due for its silver jubilee next year. Launched in 1953, it now seems to be feeling its age. At the start of this trip the air conditioning broke down temporarily. Then in Antigua the mechanism for lowering the royal barge became stuck.

In Nassau, the solemn departure of the Queen's state married by a sailor hanging inelegantly over the side, fixing something else which had jammed. The sailors who man the boat, and who take great pride in keeping it ship and span and in working order, were mortally offended when reported that an incident, and would be angered further if I dubbed the ship



"Monty Python's Floating Circus". It would indeed be an unfair libel, but only just.

To prove my impartiality I must confess that the group of reporters who followed the Queen from one torrid little Monty Python aspect in Canada was not fair, easy, in that there was a genuinely interesting story to be written about the Queen and her role in deterring Quebec separatism.

In the Caribbean we were driven back on our own resources of investigation and inventiveness. Few British

readers are likely to need an exhaustive discussion of the Queen's constitutional role in Antigua or the Virgin Islands. So we had actually to write about the mechanisms of our island. Since no effort is spared to ensure that nothing unexpected happens, it can be hard work.

My favourite of the stories that emerged was the shark scare. When the royal yacht arrived in the Virgin Islands, a member of the royal party let slip that, during a stop for bathing on the way from Nassau, a shark had been spotted close to the beach where the Queen was to swim, and that, on learning about it, the bathers beat a hasty retreat.

"Queen fights off shark" had the makings of a good yarn, so we sought confirmation from Ronald Allison, the Queen's press secretary. His response was at first wary. He was unsure how much we knew and he did not want to give anything away. Finally, after some confusion about whether the Queen went into the water before or after the scare, he confirmed part of it, leaving us to pick up the rest from someone else who had been there.

This dislike of any reporting about the Queen which does not emanate from an official source, and which has not been duly authorized and cleared, is an odd characteristic of Palace public relations. Moreover, as the war progressed, and the surviving members of the full-time press corps became an

ever closer knit group it was hard not to regard Allison as a sort of prefect whose good favouritism is wise to curry.

It is as though, through his association with the Palace, he has taken on some aspects of royalty and command. A hint from him or from senior officials of the Royal Household, that a particular report has been poorly received, brings with it unspoken hints of terrible monarchical revenge. His displeasure need not be transmitted directly to the offender. Word filters through. In the way word does, that he is upset. Worse still, rumours spread that the member of the Royal Household thought to have been responsible for an unauthorized leak, has been reprimanded, even, who knows what awful consequences? As the Queen ended her tour by flying from Barbados in Concorde, one reporter at least felt lucky to have survived.

People who know Montego Bay, Jamaica, will have been surprised by my column last week, when I appeared to say that there were castles there, not to mention bar girls imported from Bangkok. In fact those attractions are to be found in the Maldive Islands, all other reference to which had been accidentally excluded from the article. As it appeared, the column was a monstrous slur on the bar girls of Montego Bay, who are perfectly equipped to meet demands without overseas assistance.





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## STILL TETHERED BY MYTHOLOGY

One day the Soviet Union will come to regard the October revolution of 1917 as just another important event in world history. The revolution will lose the mythical significance which is now being celebrated with so much pomp in Moscow. It will cease to be the Soviet state's Christmas, the birthday and only legitimisation of the system. Perhaps it will still be celebrated for form's sake but it will be secularized. A new revisionist school of historians will discover that it was very different from what ideology now demands that it should have been. It owed nothing to any "scientific laws of history" and not a great deal to Karl Marx. The surprised Bolsheviks took over someone else's revolution and largely invented their own as they went along.

Nor was the revolution necessarily the source and origin of the Soviet Union's power today. Indeed the west should perhaps be celebrating it with more enthusiasm than the Soviet people for if it had been avoided or kept out of the hands of the Bolsheviks we might now be facing a richer and more formidable Russia. Of course these unexplored alternatives of history are limitless and speculative but at least they help puncture myths and the most pervasive myth of all is that the industrialization and mass education of Russia was achieved only because an ideologically driven party took all power into its hands.

Russia was industrializing fast before 1917 and it had continued uninterrupted to the present day if it had been considerably further on than it is now. Of course there might have been many other setbacks but none necessarily greater than the revolution. Investment might have dried up after the First

World War or the structure of Russian society might have inhibited development as it does today. The point is that in many ways the revolution interrupted and set back Russian development. It turned Russia inwards and away from the money and stimulus of the west. The capital was moved back from Petersburg to Moscow. Lenin's new economic policy, the last vestige of rationality, was abandoned. Stalin ravaged agriculture, killed millions (far more than Hitler) and demoralized many more, especially those talented and creative members of the intelligentsia whose contribution was most needed. He set back science by many years and killed many of his best officers before the Second World War. Thus even those achievements of which Russia can be proud were paid for so heavily in human suffering that their moral value defies calculation.

The political harvest of this history is now being gathered. The Soviet Union is less and less a model either for industrial or for developing countries. The revolution which shook the world with a mixture of fear and admiration has partly disappeared under the waters of Russian history. Much less has changed than was once expected. We are now dealing with as much with old Russia as with the Soviet Union. As the country celebrates its revolution it is run by an autocracy of elderly and cautious conservatives. In many ways this is no bad thing for the rest of the world. A more adventurous and revolutionary Russia with more ideological appeal would be much more difficult to live with. Russian conservatism has much to be said for it. But the implications for the future are not wholly reassuring.

## MR FRASER ASKS FOR A VERDICT

The Federal Australian Parliament was dissolved last week and the electorate will pass its verdict on the Fraser record on December 10 in elections for the House of Representatives and half the Senate. Mr Fraser is going to the country a year before he needs it. The Senate elections are statutory. By combining them Mr Fraser ensures that the Senate elections will not reflect a general grievance against his Government's deficiencies without risking the return of Mr Whitlam to power—though greatly improving his chances in a year's time if the Senate elections went against the Liberal and Country Party. Australia will not be able to dodge the choice to accept another three years of tough but frequently ineffective Fraser rule or to have Whitlam back with most of the ministers who so mismanaged affairs in 1975 that the Governor-General sacked them, an action the electorate endorsed by giving Mr Fraser the largest majority on record in the Federal House.

That majority will now certainly be cut back. The question is whether Mr Whitlam's professed belief that he can win the day for Labour has substance. Recent opinion polls suggest Mr

Fraser may only scrape through, perhaps on the second preferences of the breakaway Australian Democratic Party. But the odds may change as the campaign heats up.

It has been widely assumed that Mr Fraser has gone to the country because he thinks the economy will be worse in a year's time; unemployment will be greater, inflation little better, economic growth faltering. This was the forecast of the Reserve Bank a month ago, but there are signs that the cost of living increase is back in single figures, providing Mr Fraser with the argument that now inflation is defeated the long-awaited revival of business confidence will follow. His official reason for an early election is much the same as Mr Heath's in 1974: is the elected Government to rule the country or are the trade unions to misrule it?

The electorate will be passing judgment on stringent measures against strikers passed into law by Mr Fraser, which Mr Whitlam denounces. The laws have not yet been used, and even in the much resented strike of the Victoria power workers it was not the Government's emergency legislation and threats that ended the strike, but the nego-

tiating flair of Mr Bob Hawke, president of the Australian Trade Union Council and the Labour Party. It will not be easy for Mr Fraser to show how he is going to end the recurrent bouts of industrial anarchy which so damage Australia. He will have to rely on the argument that the monetarist treatment adopted in 1975 is working, albeit it must be given another three years. This is hardly what the voters hoped in 1975.

But the Labour opposition is weak. The party is disillusioned with Mr Whitlam and has just publicly humiliated him by forcing him to retract his denunciation of Mr Bill Hayden, the former Treasurer, whom the party might well prefer to lead. Most Australians may think that the best leader to restore the party's fortunes and discipline would be Mr Bob Hawke himself, but there is no time now to put him in charge, even if he fought a seat. Mr Whitlam will make the most of the fierce controversy over mining and exporting Australian uranium, but even on this emotive issue Labour is split at a time when the money is needed, if not the jobs. On balance Mr Fraser has chosen his moment adroitly. But everything will depend on his conduct of the fight.

## David Wood

## Tories know that times have changed

Conservatives inevitably found it tempting, as they reassembled at Westminster last week, to open a new season, to feel only malicious joy in the thought that the circumstances of winter 1973 begin to repeat themselves. Once again the miners have set themselves on a course to defeat a government's pay policy and force a Prime Minister and his Cabinet to abandon their fundamental counter-inflationary strategy. Once again they have chosen anarchy rather than the acceptance of government. Once again they threaten to break or humiliate a government that stands in their path or drive it pell-mell into a general election under duress.

Some malicious joy could certainly be sensed, although Conservatives as a whole kept it well under control for reasons other than a regard for the decency of party politics. Above all, they recognized that it is not winter 1973 all over again, leading to a governmental and industrial crisis early the following year. For this time Mrs Thatcher and the Opposition, unlike Harold Wilson and the Opposition he led in 1973 and early 1974, have no choice other than to support Mr Callaghan, Mr Healey, and all who soldier along with them.

There will not be, there cannot be, any Opposition exploitation of government difficulties in holding the line of counter-inflationary policy against the miners and any other group who possess the capability to wield strategic power over the economy.

If Mr Callaghan takes a stand against disastrously high pay claims, as he and his Chancellor of the Exchequer continue to say that they intend to do, then the Conservative Opposition must come to their support. Be sure that it will. There will be no forced election on this issue. As in all human decisions there is a strong element of self-interest at stake, for Conservative leaders and

rank and file. Nothing would be weaker than for Mrs Thatcher and the Conservatives to fight a general election in which they would be obliged to give the Labour Government support on the predominant issue of "who governs?" Nothing would be more catastrophic than for them to win any such general election and be immediately plunged into the leadership struggle with the miners and other highwaymen unions, or into conceding what Mr Callaghan and the Labour Cabinet had shown the will and strength to refuse. Conservative strategy must therefore be to support Mr Callaghan's government, to let it drive the miners and the Labour Cabinet to the point of public spending to prepare the way for tax cuts. The dependence of the minority Government on a Lib-Lab pact with a 1978 general election held down on the horizon, has suspended socialism without outraging a left wing that knows where its ultimate interests lie.

We have here in the making yet another example of the serendipity with which events in the past few months favour Mr Callaghan and Labour. Many factors have played their part and roused out the leopard's spots. The IMF took control of the economy and forced curbs in public spending to prepare the way for tax cuts. The dependence of the minority Government on a Lib-Lab pact with a 1978 general election held down on the horizon, has suspended socialism without outraging a left wing that knows where its ultimate interests lie.

North Sea oil flows in increasing abundance. Interest rates rattle down, and hot and lukewarm money flow into the City and force the appreciation of the pound. Only stagflation, investment, poor export performance, and a shamefully high level of unemployment spoil Labour's electoral yarn. Ministers and Labour MPs at least have half a success story to tell, and can use it as a promissory note for the full success that may show next year or the year after. Already we see the response in the opinion polls, for whatever reason, to a hung Parliament with eight parties represented in the House of Commons. Iain Macleod, as chairman of the Conservative Party, used to keep in his room graphs showing that a three-month year was worth recess, year after year, was worth recession, year after year, was worth recession in the opinion polls, partly because the government can go on making the news and hiding its mistakes, partly because the

Opposition case gets little or no hearing. But it is safer to assume that, with the approach of a general election, opinion polls are now beginning to reflect gradualist electoral support rather than less wildly and melodramatically than the violent swings to Conservatives at by-elections and local government elections during the past year and the election struggle with the miners and other highwaymen unions, or into conceding what Mr Callaghan and the Labour Cabinet had shown the will and strength to refuse.

It begins to look self-evident that, on a short view, Labour will recover much of the electoral ground it lost after October 1974, and that Mr Callaghan has nearly the support of the public to force the Government's recovery. In fact, Mr Callaghan is not quite what he publicly seems. He is no more avuncular than Mr Harold Macmillan was unapproachable or Mr Heath and Mr Callaghan a tall tale account, for instance, of Mr Callaghan pettishly storming three times out of an improvised radio studio in Newcastle upon Tyne because the interviewer wanted to ask him just one militant question about the miners. You have brought the American President to the North-east, when are you going to bring some jobs? That behaviour, too, is part and parcel of Mr Callaghan's persona, though he is wise to keep it private. He is sometimes as touchy as an ageing molar.

Nevertheless, nobody in politics today has Mr Callaghan's ability to double up on any early or hypothetical signs of success, no matter what audience he faces. He carries a comforting ring of conviction that Sir Harold Wilson often lacked. But he is quite capable of throwing away his present growing advantage, which is equally the fruit of good judgement, bad judgement, and luck of timing. He could easily, in return to his early role of trade union bargainer, begin striking secret deals with the miners and any other aggressive trade union group that offers trouble; and thereby he would throw to the winds the common interest of all opposition parties in the Commons and give Mrs Thatcher and the Conservatives the occasion to withdraw their backing from him.

As has often happened with Mr Callaghan, it is not by the public speeches that we shall know him, but by his crude horse trading with trade union leaders behind the scenes.

## The ordination of women

From the *Archdeacon of Durham*  
Sir, Bishop Leonard and Mr Cornwall (October 26) argue that the Church of England ought not to ordain women until the whole of the church catholic is ready to take that step. The same argument would invalidate every theological decision since at least the Great Schism of 1054 and—simply as a delaying tactic—would hold up everything until a General Council of Bishops, Orthodox and Protestants could be convened by a united church. Of that, as they well know, there is no practicable hope during the lifetime of anyone now living.

It is an argument in favour of the Latin church of the past. Rome has not waited for the concurrence of either Constantinople or Canterbury before proclaiming new dogmas. In today's changed climate of opinion it may well be that a gradually growing consensus in other churches may not be without its effects on Roman thought.

After all, the Second Vatican Council has declared that "discrimination on the grounds of sex must be curbed and eradicated as incompatible with God's design. It is the duty of the hierarchy to ensure that the rights of the individual are not being respected everywhere, as is the case with women who are denied the chance freely to choose a state of life" (*The Church in the Modern World*, 20). Many responsible Roman Catholic theologians (eg, O'Collins, Wijngaard, Congar, Daniélou, Rahner, Küng) do not see insuperable objections to allowing a woman's vocation to the priestly "state of life" to be tested in the same way as a man's.

If the Church of England were to join those other Anglican churches which have taken this step, it ought not to prejudice ecumenical contacts. After all, the Roman church is in ecumenical dialogue with Churches (eg the Methodist) which ordain women. To say, as the Orthodox appear to do, "no dialogue without prior agreement", is to predetermine the issue and to subordinate truth to friendly relations. That is a sad reversal of power which is not to be wished. I am, Sir, yours faithfully,  
MICHAEL PERRY,  
The College,  
Durham.

## Withdrawal from ILO

From Mr F. W. Harris  
Sir, In his letter (November 3), Lord Noel-Baker has expressed the belief that "there can be no doubt that the Government will remain true to the ILO". I should wish that this belief were correct, but I feel that the abuses of the organization which precipitated their decision to withdraw shall not easily be overcome and that the ILO may well appear highly unlikely. The adjustment of members' financial responsibilities proposed in his letter is long overdue: being presently the ILO's main interest, it is a financial situation of 1945.

It was perhaps unfortunate that the letter's references to "the ILO's magnificent successful work" and "the effectiveness though short-lived, of the League of Nations" were both older by a generation than the present situation with which the United States has taken issue. It should perhaps be pointed out that Lord Noel-Baker's statement in stating that "in 1920 the then United States Senate decided to leave the League of Nations". As the Senate refused to ratify the treaty which would have made the United States a member of the League, it hardly leaves what it had not joined.

Yours sincerely,  
FRANK W. HARRIS,  
Rathbone Hall,  
University of Liverpool,  
Brockley Hill Road,  
Liverpool.

From Miss Susan Love  
Sir, Could not the United Kingdom learn from President Carter's decision to leave the ILO, and consider very carefully whether or not it should leave this and other organizations? The ILO is a very old organization set up with non-political aims have become forums for extremist political views—witness for example the recent troubles in Unesco. As a result the British Government has been forced to support international bureaucrats, and to send British bureaucrats to meetings which serve no useful purpose.

Yours faithfully,  
SUSAN LOVE,  
12 Needham Road, W11.

## Church on the move

From the Reverend Professor Peter R. Ackroyd

Sir, Your correspondent Mr Gregory Macdonald (November 4) oversimplifies the interpretation of images and thereby reduces their value for the expression of theological meaning. Cardinal Rume used the image of the rock, associating it with Abraham. He might equally have used the image of the rock, recalling that in a subtle conflation of images Paul (1 Cor. 4) speaks of "a spiritual rock that followed" Israel in the wilderness. Paul thus combines awareness of the theme of the rock from which Moses drew water for his people with the theme of God the Rock, associated with the stability of Jerusalem but used richly in Deut. xxxi to comment on the mysteries of divine-human relationships. So too the metaphor of Peter as rock is susceptible to a much richer understanding than the association that "rock" equals immovability.

As for the problems of religious education, these are surely no different in kind from those which attend teaching in any worthwhile subject: there is always a subtle balance between what can at any moment be regarded as assured facts and what must be the free and ongoing quality of truth. If religious education is more difficult than other subjects, it is because it touches on questions fundamental to the meaning of life, not because it lacks solid ground on which to build.

Yours faithfully,  
PETER R. ACKROYD,  
University of London King's College,  
Strand, WC2.

## LETTERS TO THE EDITOR

### School heads and governors' powers

From Mr A. J. Davenport and others  
Sir, There are some aspects of the report of the Taylor Committee on school governors which give grave concern to members of the Headmasters' Association serving in London schools.

We find that there is a naive view in approval which is far removed from reality, particularly where the responsibility of the Head over such matters as expenditure, internal discipline and staffing problems appears to be seriously diminished as the powers of the governing body are increased.

The Taylor Committee assumes an enthusiasm on the part of parents to be involved in governing bodies which our experience in London schools does not substantiate. We all very much welcome parental involvement in our schools, and we have it in large measure in the support accorded to all our activities, such as parents' meetings, plays and concerts.

But in the recently held elections to the governing bodies of ILEA schools, it is the common experience that the number of parents attending the election meeting was well below 5 per cent of those entitled to do so. Nor only does this lead us to question one of the premises of the Taylor report, but we feel it right to draw your readers' attention to the serious dangers of pressure groups wielding unwarranted influence on governing bodies.

### Loan of Tate works

From the President of the Royal Academy

Sir, Mr Grogan asks (November 4) whether our collection of Diplomas Picturenary so bad in quality or condition that we are ashamed for them to be seen. The answer to both questions is "I should jolly well think not!"

Although the Diplomas Galleries are not normally committed to visitors' exhibitions, the Keeper, as his title implies, keeps a scrupulous eye on the condition of all works in his charge and as part of his responsibilities, maintains a continuing chain of exhibition of Diplomas Works in the foyers and public spaces of Burlington House (the usual number on show at one time being approximately 50). In addition there are some 35 on outside loan, excluding the 11 Diplomas

### Balfour Declaration

From Mr John Marlowe

Sir, S. J. Goldsmith's article on the Balfour Declaration (November 20), L. S. Amery who, incidentally, was one of the secretaries of the War Cabinet and not Secretary of the Cabinet, gives an account of his drafting of the Balfour Declaration on page 115 of volume II of his autobiography *My Political Life*, published by Hutchinson in 1952. He gives the date as "early in October" and not October 31, as stated by Mr Goldsmith. This is confirmed by an entry in Lord Milner's diary, which gives the date as October 19, 1917. Milner noted, there was in the War Cabinet "a tiresome and time-wasting staring largely concerned with Zionism".

Mr Goldsmith mentions that Lloyd George, Balfour, Milner and Smuts approved of the Declaration. He does not mention that Curzon, also a member of the War Cabinet, and the only one who had any first-hand knowledge of the Middle East, disapproved, and circulated a presidential memorandum to his War Cabinet colleagues in support of his objections, which he subse-

### Silencing burglar alarms

From the Director-General of the British Security Industry Association

Sir, Mr Nicholson (November 2) has my sympathy. The BSIA, as representing the leading burglar alarm companies in the United Kingdom, strongly supports the forthcoming Code of Practice to be issued by the Department of the Environment under the Control of Pollution Act 1974. The position is this: that the burglar alarm device is an essential part of the control of crime because every year the burglary rate increases and in 1977, the rate is likely to be 10 per cent higher than for the previous year.

The burglar alarm device demands two important requirements—that there should be an efficient keyholder service, which can be arranged via the security industry, if necessary, and that someone should be nominated to act as keyholder on a 24-hour basis. The burglar alarm installing company will willingly assist in the control of noise pollution by providing a cut-out device to operate after a certain time. The user of the equipment may also ask the alarm company to modify the alarm device itself.

A rising burglary rate will inevitably mean that more people will wish to try and protect themselves

### Sanctions on S Africa

From Mr C. C. Turpin

Sir, My friend Professor de Crespigny (November 1) acknowledges your neglecting basic facts necessary for any adequate appraisal of the problems of South African politics. His "basic facts" may be paraphrased as follows.

1. Foreign pressure strengthens the position of the Nationalist Party and may lead to the establishment of a one party regime.

2. South African policy is best influenced by carrots rather than sticks; coercion will be counter-productive.

3. Black rule would be incompatible with vital cultural and material interests of the Afrikaners, who have a right to protect those interests.

4. The only alternative to the present white minority rule is some form of black minority rule. It is strange that this assortment of hypotheses, predictions and moral judgments should be characterised by Professor de Crespigny as "facts". Leaving that aside, each of these assertions raises many and complex issues, but the following brief comments may be made.

1. No evidence is offered for the proposition that foreign pressure must strengthen the Nationalist Party. The result may depend upon

attention to the serious dangers of pressure groups wielding unwarranted influence on governing bodies.

We would therefore urge the Secretary of State for Education and Science to give ample time for full consultation with all interested parties before attempting to propose any legislation to implement the Taylor report.

Yours faithfully,  
A. J. DAVENPORT, St Paul's Way S,  
T. A. T. BARNES, Central Foundation Boys' GS.

G. R. BARRELL, Sir John Cass Foundation and Redcoat S.  
J. P. BENYON, St Philip Howard S.  
W. CHAPMAN, Eaglefield S.

H. DOUGLAS, Salesian Col.  
S. G. EVANS, Spencer Park S.  
E. F. FIELD, Hampstead Col.  
P. HACKETT, Wimbledon Col.

P. J. BOBSON, Brooke House S.  
A. R. JENKINS, Addey and Stanhope S.  
J. KEMP, Hackney Downs S.  
L. J. NORCROSS, Highbury Grove S.

R. C. SHEPARD, Archbishop Tenison's S.  
A. J. SMETHAM, Wandsworth S.  
G. L. WATT, Tollington Park S.  
I. M. WEIR, Christopher Wren S.

Works which are part of the 34 currently on show in Japan and which will shortly, we hope, visit Moscow.

The chimepiece (Joseph Wulfron's Diploma Work) and the Kaufmann ceilings cannot be seen by the public here, and reproductions of the latter are installed at Somerset House.

Our willingness to participate in lending to Somerset House was, I hope, made clear in the offer made by the Trustees of the Chantry Bazaar (of which the President of the Royal Academy is ex-officio Chairman) to the Secretary of State (April 17, 1975) suggesting that this collection could gladly be made available if requested.

Yours faithfully,  
HUGH CASSON, President,  
Royal Academy of Arts,  
Piccadilly,  
November 4.

quently withdrew in deference to the (entirely chimerical) arguments in favour of the Declaration with which Balfour had been briefed by Sykes, Amery, Weizmann and others.

Incidentally, pace Mr Goldsmith, there is very little doubt what the Declaration meant in Balfour's mind. See, *inter alia*, note of a conversation between Balfour and Colonel Meinhagen on February 7, 1918, recorded on page 9 of Meinhagen's Middle East Diary, 1817-1956 (Cresset, 1959). I then asked: "At the back of your mind do you regard this declaration as a charter for ultimate Jewish sovereignty in Palestine or are you trying to graft a Jewish population on to an Arab Palestine?" Balfour waited some time before he replied, choosing his words carefully: "My personal hope is that the Jews will make good in Palestine and eventually found a Jewish state."

Yours,  
JOHN MARLOWE,  
Spring Vale,  
Mill Lane,  
St James's Park,  
Buckinghamshire,  
November 2.

### Mobility allowance

From Miss Felicity Lane-Fox

Sir, News that the rate of the mobility allowance is to be doubled to £10 per week rubs salt in the wound of all those who suffer the flagrant injustice of exclusion from the scheme on the grounds of age. Because they were unfortunate enough to be in the last of five categories to be phased into the scheme, those from 50 to 60 (category 5), those from 60 to 65 (category 4), and those over 65 (category 3) are still disqualified from receiving it. We are told the limit is to be advanced to 55 years next February and that those caught in this category will have to wait to receive the allowance by the end of 1979—always providing they have not been overtaken by death or retirement age before that time!

The Government has demonstrated how uncaring it is to the efforts of older people to lead active useful lives. The decision to grant the mobility allowance to handicapped children is welcome enough, but while there is little difficulty in carrying a child on and off public transport it is impossible to hump around middle-aged people in this way.

The Secretary of State has said he will not pay the allowance to men over 65 and women over 60 because resources must be concentrated on improving provision for all elderly people. He has no compunction in ignoring the special transport problems of the older severely disabled people and this brazen method of punishing them for their longevity is inexcusable.

May I appeal to all members of Parliament and other fair-minded members of the community to help to get this injustice put right? Yours faithfully,  
FELICITY LANE-FOX,  
30 Marlborough Court,  
Pembroke Road, W8,  
October 30.

### Pro-devolution

From Mrs I. J. Tanner

Sir, Prior to studying the statistics of the miners' vote, published in *The Times* (November 2) I had no very firm views about devolution for Scotland and Wales. I am now strongly in favour, provided that clauses are written into the legislation that the National Coal Board is restructured as the "English Coal Board" and an independent "Scottish Coal Board" and a "Welsh Coal Board" are set up. If Yorkshire could be persuaded to seek independence, it would no doubt be advantageous to the rest of the country. Yours faithfully,  
I. J. TANNER,  
85 Fitzjohns Avenue, NW3,  
November 4.

## Right to challenge jury composition

From Mr A. B. Harvey

Sir, It is not merely, as your leader (November 3) states, that the random choice of twelve people for a particular case can and often does produce a freak result, but that that is a universal result. No statistician would accept a sample of twelve out of a very heterogeneous population of some 30 millions as having a hope of being representative. As the sample is not representative, including as they do members of the legal, medical (both human and veterinary) and pharmaceutical professions, ministers of religion, members of police and the armed forces and resident aliens, be treated as insignificant either numerically or as representing modes of thought in the community. The selection of jurors for a given Assize or session of a Crown Court is often made from a restricted locality and is likely to result in juries composed largely of people of broadly similar background and habit. In the light of the above limitations it is idle to pretend that any jury will ever "represent the community at random."

When the function of the jury is to be a judge of the weight and truth of evidence laid before it and of whether a sufficient level of proof has been obtained, this necessary lack of representativeness character is of little moment. It is, however, in the class of case which you have selected as that in which the principle of representation should particularly apply that the composition of the jury becomes of importance. In cases where "questions of public morality or of public order are in issue" the jury is not merely finding on the facts, but to some extent expressing the mores of the community and it is here that the right of challenge is of fundamental importance in order to redress the almost certainly non-homogeneous composition of the jury as emanated from the list. The Court may be trusted to restrain abuse.

It must not be forgotten that selection of juries to achieve conviction in political cases was not unknown in the United Kingdom during this century. Should packing juries ever be resorted to the right of challenge is the only available defence. Even if the packing is falsely suspected the right of challenge ensures that justice is seen to be done. Yours faithfully,  
ALFRED A. B. HARVEY,  
Blackhampton,  
81 Bracken Path,  
Epsom,  
Surrey,  
November 3.

### Industrial troubles

From Mr Reginald Maudling, MP for Barnet, Chipping Barnet (Conservative)

Sir, In your excellent leader on Saturday you said that the unions had failed to impose effective discipline on members and off public proper negotiating channels. Sir, do you know how they should do this? If you have the answer to this question you have the answer to many of the nation's difficulties. Yours faithfully,  
REGINALD MAUDLING,  
House of Commons,  
November 6.

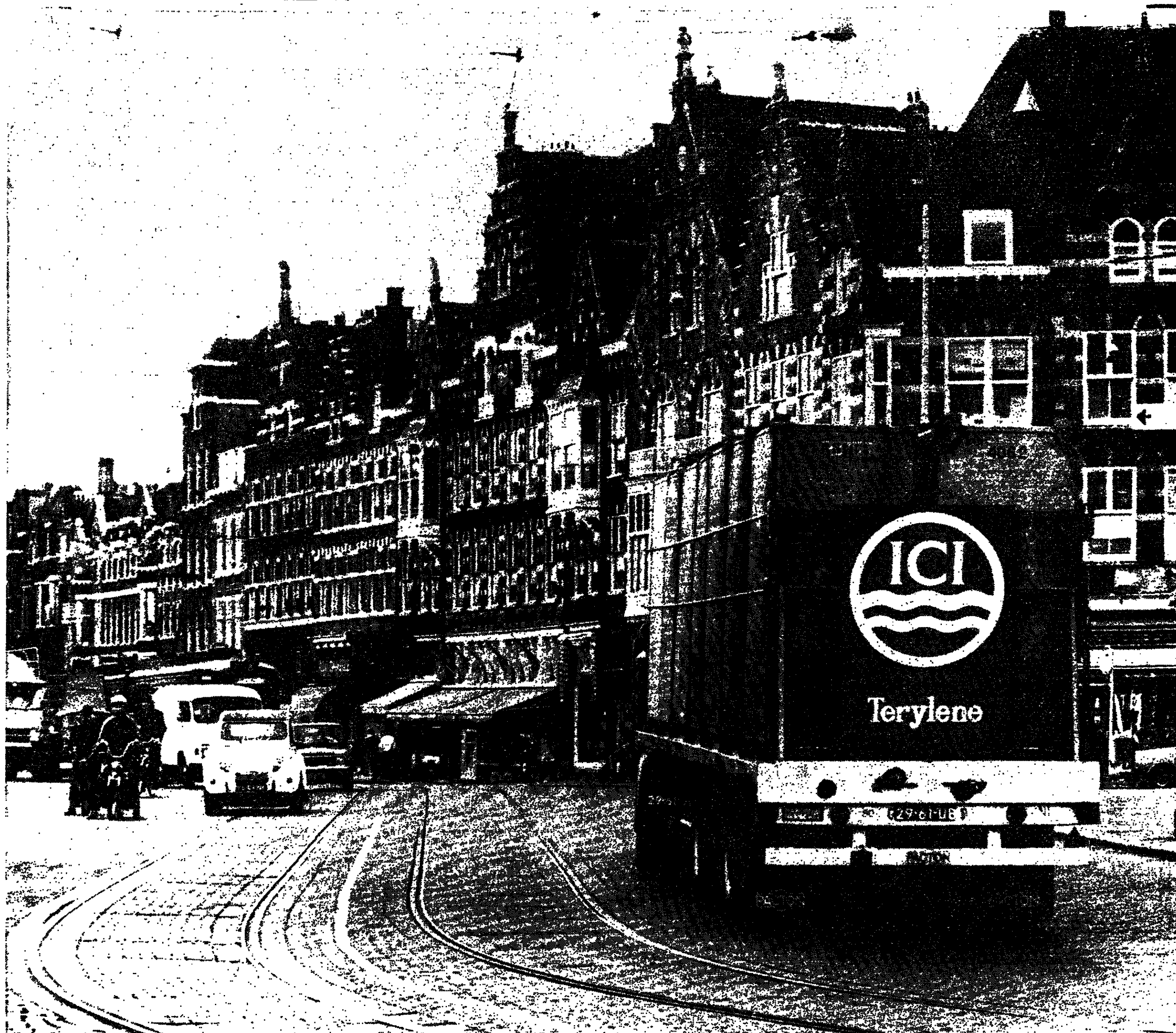
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I. J. TANNER,  
85 Fitzjohns Avenue, NW3,  
November 4.

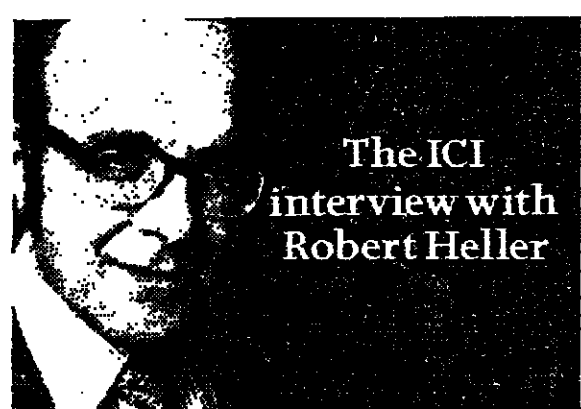




*"Investment has helped ICI to become one of Europe's top chemical companies."*

## 'By manufacturing goods on the Continent, ICI actually increases exports from Britain.'

Frank Rots, ICI Holland



The ICI  
interview with  
Robert Heller

How - if at all - does investment by British companies in manufacturing plant overseas affect Britain's hard-pressed economy?

To discover whether expansion abroad is proving worthwhile for ICI, Robert Heller, Editor of 'Management Today', travelled to the company's biggest Continental European site - the £150 million Rozenburg complex in Holland. He found Frank Rots, Works Manager and Technical Director of ICI Holland, ready with some surprising answers.

Heller: Does ICI really need to have a vast complex like Rozenburg on the continent of Europe?

Rots: Yes. There's a big market on the continent, and the best way to gain a strong foothold in an export market is by investing in it.

Heller: Nevertheless, many trade union people would argue that a plant built in Holland is a plant lost to the UK. Is that true?

Rots: Investment on the Continent is additional to investment in the UK - not instead of it. The fact that ICI has built a plant in Rozenburg strengthens ICI as a whole, makes it better able to compete with its continental rivals. And it creates demand for raw materials which are made in Britain. About two thirds of the chemicals we process here are manufactured at ICI plants in



*In the Perspex inspection bay: "The quality of our products in many cases has the edge over our rivals."*

Britain and brought here across the North Sea. In fact, around 20,000 UK jobs in ICI depend on exports to Europe.

Heller: Nevertheless, why can't the products you make be exported direct from Britain to this market?

Rots: Some products just can't be exported because of the cost of transport. But, making a product here can boost exports too. When polythene was made locally in Rozenburg, starting in 1966, sales increased steeply to the entire EEC, more than doubling in four years. This success rubs off on other products too, you know - ICI exports to the EEC went up by £100 million to £293 million in the last year alone.

Heller: Has the image of ICI changed amongst Dutch people since the company became a big investor and producer here?

Rots: It was seen as a commitment from ICI towards them, yes. We are now seen by our competitors as a truly European company. And a recent opinion survey showed that 85% of people who might use a product from ICI knew the company.

Heller: What would you say if I asked you to name ICI's home market? Britain?

Rots: I wouldn't think in those terms. Britain is a very small market compared to the opportunities outside the UK. Our market is the world.



*The raw materials of ICI's European success.*

Heller: Can ICI stand up to the competition of big German and American companies?

Rots: The competition is tough, and it's likely to get more intense; the economic climate will get tougher over the next decade. But we will succeed, because investment has helped ICI to become one of the top three or four European chemical companies, and because the quality of our products in many cases has the edge over our rivals. ICI is every bit as good as its European competitors.

Ideas in action



مركز الإعلام







# West German investment overseas



## The giant begins to put down roots abroad

by Peter Norman

Herr Peter von Siemens, supervisory board chairman of Siemens electrical group, once described West Germany's position in the economic world as that of an exporting giant but an investing dwarf.

In the 1950s and 1960s the years of the Wirtschaftswunder, the undervalued Deutsche mark helped to boost West Germany's exports to about 25 per cent of gross national product.

At the same time investment capital flowed into West Germany on a large scale as foreign companies bought up West German firms or started subsidiaries there. Since 1974 the investment tide has been flowing the other way but how strongly it is difficult to say because of gaps in official statistics.

At intervals of six months the economics ministry in Bonn publishes figures on private direct investment by West Germans abroad and by foreigners in West Germany.

The latest tables, which include statistics for the first six months of this year, suggest surprisingly that West German direct investment abroad is now DM49,600m and exceeds the figure for foreign investment in West Germany, which is put at DM47,000m.

The ministry figures, however, understate grossly foreign investment in West Germany and probably underestimate West German direct investments abroad.

Both sets of figures fail to monitor investments financed from the profits of subsidiary companies in the country of their operation. More seriously, the figures for foreign investment in West Germany ignore the vast foreign involvement in the West German economy before 1961, in contrast to those for investment abroad which apply from 1951.

But within the limitations the ministry figures do give an indication of recent trends and there West Germany has clearly emerged as a net exporter of investment capital.

The rise in West German investment abroad has hardly reached booming proportions. The net increase in private direct investment outside West Germany was DM5,057m last year and so fell below the DM5,227m total for 1975.

In the first half of this year, West German investors put about DM2,600m into their non-German operations, compared with DM2,800m in the first six months of 1976. Those fluctuations mostly reflect the vicissitudes of the economic world. Similarly, the ups and downs of the West German economy show through in the changing pattern of net foreign investment in West Germany—from DM2,528m in 1975 to DM3,064m in 1976 and down to about DM1,500m worth in the first six months of this year.

But while the volume of investment abroad has increased, the reasons given by industry and commerce are much the same as they were in the 1950s and 1960s. For the industrialist investment abroad does not so much represent a flight of capital from a country, where labour is now more expensive than in the United States and twice the cost of labour in Britain or Japan, as a means of safeguarding markets.

Studies by independent economic research institutes, such as the IFO Institute in Munich, have found that cheap labour abroad is rarely a reason for West German foreign investment, despite the high cost of domestic labour.

IFO concedes that cost may influence a company to set up abroad, but the reason is more likely to be to get nearer to a market and be able to respond more quickly to its changing demands, or a fear of exclusion from a market because of import restrictions.



The United States has been the most favoured country for West German foreign investment. Above: Herr Toni Schmücker, Volkswagen's chief executive, autographs a toy rabbit after agreeing to set up a plant for producing Rabbit cars in Pennsylvania. Top: a Euclid truck; the company has been acquired by Daimler.

The chances are, however, that West German investment abroad will rise more strongly over the rest of the decade. This year there has been a seemingly unending flow of announcements from West German companies, large and small, of plans to establish or expand themselves abroad.

Compared with other developed industrial countries, West Germany is a late beginner in international investment.

Memories of postwar expropriations took a long time to fade away. Post war reconstruction at home was obviously a higher priority than foreign investment and the artificially low valuation of the mark in the 1950s was a further disincentive to direct investment abroad.

There is a tendency in West Germany to regard the present wave of investment abroad as something out of the ordinary. Instead, given the strength of the economy and the national currency, it should be considered normal, if not belated.

The strong appreciation of the mark since its revaluation in 1969 and its float in 1973 has played an important part in turning West Germany back into an exporter of investment capital.

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Siemens is getting involved in heavy electricals in partnership with Allis Chalmers and is buying electronics companies in California. Daimler has acquired the Euclid heavy truck company and may make further acquisitions in commercial vehicle manufacturing in the United States.

Since the dollar declined in value against the mark, the United States has become a place of ideal investment for West German capital. For the entrepreneur it offers a vast market and highly qualified labour that is more mobile and more easily dismissed than that in West Germany, and usually a higher return on capital.

Its political stability and higher yields have been attracting capital from more and more non-entrepreneurial investors. It is estimated that West German private investors have invested about DM 250m in property and land in the United States over the past 12 months.

Another feature of West German foreign investment has been its concentration in countries such as Brazil or Spain, which count in the West German statistics as developing nations, but which are catching up quickly, if somewhat erratically, with the developed world.

But West German investment in those countries where it is most needed, in the poorest countries of the developing world is low and is likely to remain so.

Labour may be cheap, but poor productivity, inadequate basic services, clumsy bureaucracies and a lack of purchasing power among their peoples puts off investors nurtured in a free market economy.

A sudden fall in exports pushed West Germany into its worst postwar recession in 1975. That increased the West German businessman's awareness that he lives in an uncertain world.

The figures of the Bonn economics ministry, uncomfortable as they are, show that the sum of West German direct foreign investments by 1975 amounted to only 19 per cent of its export total in that year, while for Britain the comparable proportion was 64 per cent and for the United States 124 per cent. West German investors abroad still have some ground to make up.

The author is European Economics Correspondent, The Times.

Investment overseas (1952-June 1977)		Investment overseas (Jan-June 1977)	
World total	DM48,820m	World total	DM2,572m
United States	DM6,114m	United States	DM778m
Belgium/Luxembourg	DM4,976m	Belgium/Luxembourg	DM295m
France	DM4,813m	France	DM138m
Switzerland	DM4,634m	Switzerland	DM138m
Canada	DM3,747m	Canada	DM138m
Brazil	DM3,408m	United Kingdom	DM138m
The Netherlands	DM3,205m	The Netherlands	DM138m
Spain	DM2,880m	Spain	DM138m
United Kingdom	DM2,103m	Italy	DM138m
Italy	DM1,680m	Austria	DM138m
Austria	DM1,635m		

Source: Bonn Economics Ministry.

Source: Bonn Economics Ministry.

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dicates, private placements, and bond issues. With consolidated total assets in excess of DM 38 billion - equivalent to more than US \$ 16.2 billion, we are one of West Germany's large banks. Our group's consolidated total assets exceed DM 210 billion (US \$ 90 billion) - a lot of money in any currency.

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مركزا من دبي



## US has the right formula

by Peter Norman

West Germany's industrial managers are not normally given to public bursts of enthusiasm. They are usually as sound and sober as their products, which probably helps to explain their country's continuing economic success.

Ask any top executive in the chemical industry about the North American market and the chances are that his eyes will light up.

Herr Kurt Latta, deputy chairman of the managing board of Hoechst, thinks that the United States is the chemical industry's super-market. Professor Matthias Seefeldt, chief executive of BASF, has described the opportunities there as fascinating, while Professor Herbert Grunewald, chief executive of Bayer, said in New York recently: "We simply cannot afford not to be here."

The three big German chemical groups started in piece of the very large pie in the early 1950s, the exception to prove the rule that German companies started late in investing abroad after the Second World War.

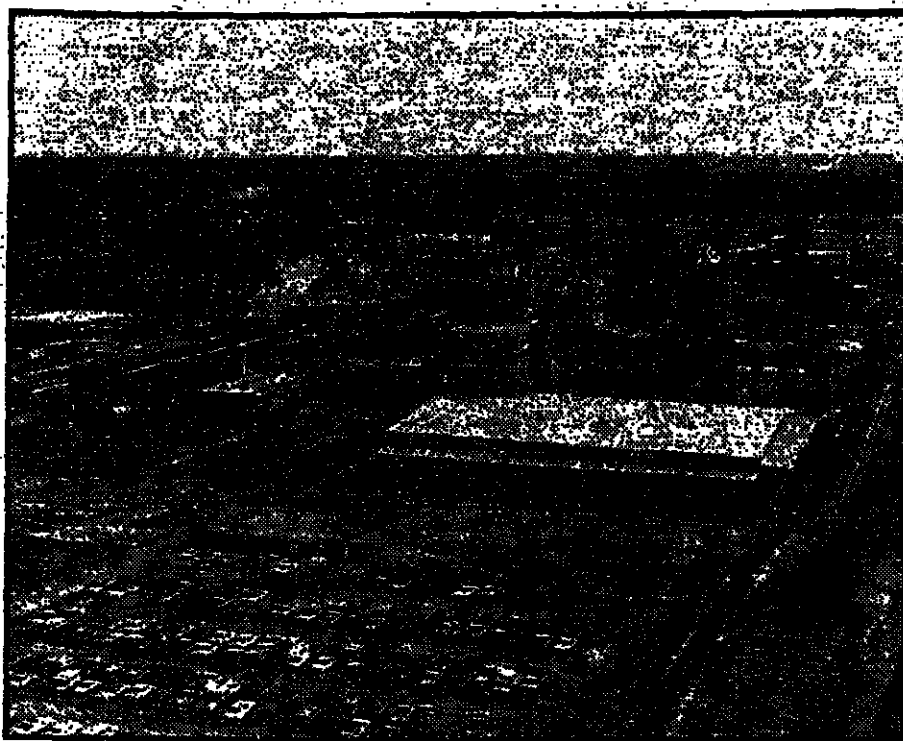
Bayer, BASF and Hoechst returned to the United States in the early 1950s selling selected chemical products made in Germany and then, in contrast to other branches of German industry, decided early to start manufacturing there.

The first important steps were joint ventures with established American chemical groups. In 1954 Bayer and the Monsanto Chemical Company founded the Mobay Chemical Company as an equal joint venture while five years later BASF united with Dow Chemical to form the Dow Badische Company.

By the end of the 1960s, before the Deutsche mark began its unabated rise on foreign exchanges, all three groups had established their independence there.

Since the beginning of the 1970s the pace of investment in the United States has accelerated. Companies have been taken over and new plants built so that the German groups are now represented along the Atlantic seaboard in the Appalachian regions of Pennsylvania, West Virginia, South Carolina, Tennessee, along the coast of Texas and in California.

Last year the combined United States turnover of the three groups amounted to



In the background the second stage of the Degussa Alabama chemical complex takes shape.

about \$2,700m. They employed about 32,000 workers. Their recent expansion has been so rapid as to be almost bewildering.

Within 15 days, at the end of September and beginning of October, the three big chemical groups received much publicity on their announcements on investment in the United States.

On September 26, Bayer made a \$215m bid, later increased, for Miles Laboratories, a medium-sized pharmaceutical company, of Indiana.

Two days later Professor Grunewald laid the foundation stone for a new \$50m iron oxide pigment plant that Mobay Chemical Company, by then wholly owned by Bayer, is building on its site at New Martinsville, Virginia.

On October 3, Professor Rolf Sammet, chief executive of Hoechst, said in Frankfurt that his company would initiate DM500m investment in plastics in Texas next year.

Finally, on October 10, BASF's subsidiary, Wyandotte, announced plans to expand its production of bisphenol A of soda from 44,000 to 90,000 tons a year by 1980.

The principal attraction of the United States for the West German chemical groups is the variety and size of the market.

That is as true today as in the 1950s, when the German groups first began selling their products there. At that time the United States was a market of unparalleled wealth.

The American people not only had the appetite for better cars, clothing, housing and medical care, but they had the money to buy them. For the large German chemical groups, which were traditionally international in outlook, it was too good a chance to miss.

The top men of Germany's chemical industry were also intrigued by the United States as a place of novelty and change. It is a country of intricate and demanding markets which keep companies alert and up to date with their technical knowledge.

But there were other reasons for the German chemical industry wanting to invest there.

The United States is protectionist and imported chemicals have to surmount tariff barriers. The German groups also found that large customers were not prepared to rely on supplies that had to be imported.

As the transport of bulk or commodity chemicals across the Atlantic swiftly became uneconomical, imports from West Germany became confined to expensive

specialized chemicals or, for short times, to new products supplied from German plants for launching in the United States ahead of completion of factories there.

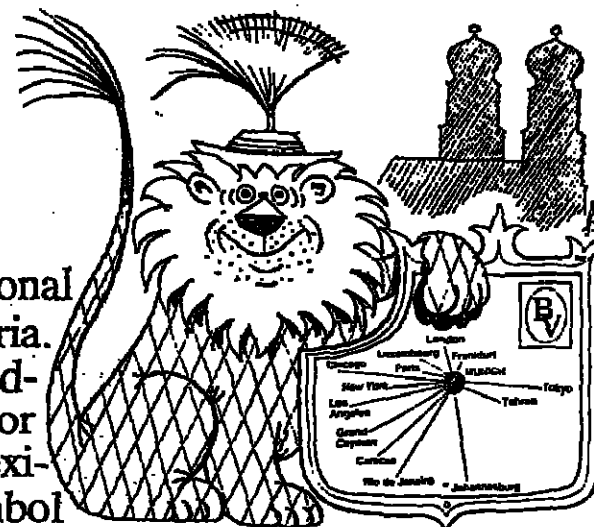
The attractions of investing in the United States have increased with the rise of German labour costs so that they now exceed American wages.

Though industrialists are reluctant to admit it, the American practice of hire and fire also favours United States investment. Dismissing labour in Germany in hard times has become increasingly difficult.

The example of the three big chemical companies is being followed by smaller German chemical groups. Degussa, of Frankfurt, the chemicals and precious metals group, returned to the United States earlier this year after an absence of nearly 60 years when it opened its first production unit in Mobile, Alabama. The Düsseldorf firm of Henkel-Detergent is also active there.

West German drugs, chemical fibres and plastics made in the USA are becoming well-known products in the United States. Their penetration is likely to increase as Bayer, BASF and Hoechst will each be spending about \$500m on United States investments in the next five years.

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## Profit is the idea behind aid

by William Cook

National attitudes to the developing countries have done an about-turn in recent years, swinging from the near-altruism of the early 1970s to a more pragmatic and profit-minded approach.

To Erhard Eppler, former Development Minister, any idea of using aid and investment to help to guarantee raw material supplies was anathema. "It is no business of development policy," he declared nearly four years ago, "to be involved in post-colonial models." In his view aid should be chiefly directed at the small farmer and the fulfilment of basic economic needs.

Egon Bahr, who succeeded Herr Eppler and has since himself been succeeded by Mario Schleyer, took a much more practical line. He laid more emphasis on the industrial side, believing in the need for companies to be encouraged to invest overseas, supported directly or indirectly by the Government.

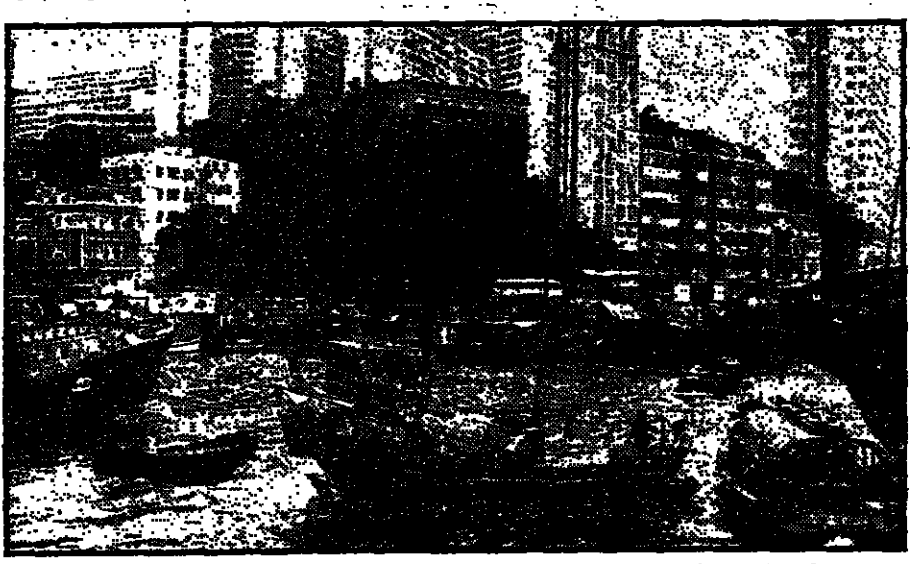
It was the Eppler approach that the countries on the receiving end of Germany's aid and investments most welcomed. But they have had to accept that the development policies directed from Bonn are closely linked with the Federal Republic's own economic welfare.

Because of Germany's fast appreciating Deutsche mark, its escalating wage and social security costs, and more rigorous pollution and industrial location controls, investment abroad is growing faster than the inflow of foreign capital.

About a quarter of the country's foreign investments are being channelled into the developing countries, even though the latest figures for the first half of 1977 reveal a less than dynamic trend. Out of a total of DM2,570m invested outside Germany, just over DM1,620m went to the developing countries, well short of the DM1,030m recorded for the first six months of last year.

The Bonn Economics Ministry, which announced the figures, did not profess to have any answers for this decline, and was reluctant to conclude that German industry had undergone any change of attitude concerning its spending abroad. Investment in the developing countries accounted for slightly more than 24 per cent of the six months' total. A year ago, it had been almost 30 per cent.

What makes German in-



Hongkong: still attractive for companies wanting to switch production overseas.

dustries want to put money into the world's developing nations? Back in the 1950s and 1960s, when the now faded economic miracle was in full spate, Germany invested less abroad than it received from other countries. The reasons were clear enough: with a currency that was considerably undervalued and a policy of taking in foreign "guest workers" from southern Europe, it was able to build up an industrial structure unequalled by its neighbours.

Today things are very different. Germany's artificial improvement as a site for investment has been eroded, as a leading economic research institute of Munich said in a study at the end of last year. Companies in the Federal Republic are turning more and more to investment in low cost, high population areas spurred by pressure of competition rather than the need to be close to the point of sale.

At the start of the present decade, the developing world accounted for a mere 7 per cent of the total industrial production. Just over half of this share was achieved in South America, still the most favoured non-industrial region of German investment, followed by Asia, with Africa trailing way behind at less than 1 per cent.

The developing countries have set themselves an ambitious economic target for the next quarter of a century. By the year 2000 they want to see their proportion of the world's industrial output raised to at least 25 per cent. Only a little less modest in United Nations Industrial Development Organization,

which has set a goal of 20 per cent.

The experts at IFO, however, frankly do not believe that anything like such a high share is attainable even over a time span of more than two decades. If 4 per cent is taken as the likely real annual growth rate of production in the industrialised countries, that in the developing world would need to advance at a heady 10.5 per cent plus to boost their share of total output to the desired level.

Since this is pure fantasy, notwithstanding the expectation that the actual growth pace will be high, IFO concludes on the basis of its studies and talks with experts about 14 per cent is a good deal more likely. To find out why German firms invested or planned to invest in the Third World, IFO sent out a questionnaire to 3,500 companies. It received answer from just over half, of which 241 were positive, being based on actual experience or intentions of such investment. IFO found that 46 per cent of the firms named the transfer of production as one of the reasons. In most cases there was a combination of the desire to switch production abroad and export the products to Germany and the aim of supplying the host country and the surrounding region.

Leading the field among those branches of German industry which have invested in developing countries are the makers of textile and building machinery, making up more than 40 per cent of the total. Producers of farm machinery and equipment are also, not surprisingly, well represented with 35 per

cent, with the entertainment branch of the electronics industry and photography and optics both also accounting for more than 30 per cent. Companies in the knitwear, gear and drive element, ceramics and toy sectors all rank above 20 per cent, while just below this level come clothing, non-ferrous metals, steel goods, tools and general metal goods and sports goods, among others.

IFO uncovered nothing new when it went through the replies to the question of which developing countries were most favoured by German industry. The Mediterranean region (Southern Europe and North Africa) and South America are to the fore, with the latter likely to increase in significance, it said.

East Asia seems to be losing its role for German investments, but retains an above-average place for companies whose main motive is to switch production facilities overseas rather than to win new markets. Here, the city states of Singapore and Hongkong, as well as Taiwan, Malaysia, Korea, and recently, Indonesia are the preferred locations. Africa is the continent with the most least-developed countries, 18 out of 28, and the state-backed Deutsche Entwicklungsgesellschaft (DEG) or German Company for Economic Cooperation, has put the weight of its investment activities here since its inception in 1962. Up to the end of last year, some 52 per cent of DEG's total investments of DM2,370m had gone to Africa. For German industry as a whole, the proportion was a much less impressive 16 per cent.

## Organization of the Sparkassen, Landesbanken/Girozentralen in the Federal Republic of Germany

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### Public Savings Banks

The German savings banks (Sparkassen) are legally and economically independent credit institutions. They are communal savings banks operated under public law. The business of a savings bank is directed by its managing board.

Their tasks and activities are laid down in the articles, which allow the savings banks to do all usual banking business for their customers. Transactions for their own account are subject to some limitations to secure the deposits, e.g. savings banks are not allowed to acquire securities out of their own funds.

The savings banks offer all services of a modern banking institution. Their services are available to every private individual, every business enterprise and every local authority. The following are the most important forms of business transacted: the acceptance of all types of deposits, credit business of all kinds, encouragement of the acquisition of personal property, settlement of cashless payment transactions and all other types of banking services, e.g. transfers to payees in Germany and abroad, collection of debts, bills and receipts, execution of cheque transactions and issue of cheque cards, purchase and sale of foreign currency and travellers' payment media caring for the need of customers in the field of foreign trade transactions.

At the end of 1976 there existed in Western Germany 650 savings banks head offices with more than 18,000 branches.

### Savings Banks Associations

The savings banks of each federal state are united in regional Savings Banks Associations. The tasks of the regional Savings Banks Associations are, among other things, to represent the common interests of the savings banks; to offer information and advice to the members of the Associations in all matters of savings banking; to train staff members of the savings banks and to further their professional education; to examine the handling of business and the balance sheets of the member savings banks. At the head of the regional Savings Banks Associations is the Deutsche Sparkassen- und Giroverband in Bonn (German Savings Banks Association). It is the centralized representative of savings banks interests and corresponds to the savings banks associations on the regional level. It is the spokesman of the savings bank system in the public sphere and also to the Federal Government and parliament. Through its board and committees it influences the co-ordination of the savings banks and Landesbanken/Girozentralen, which are also its members.

### Landesbanken and Girozentralen

The 12 Landesbanken and Girozentralen in the Federal Republic of Germany are operating under public law, like the savings banks. The business is directed by a managing board and the general management is supervised by the board of administration.

The Landesbanken and Girozentralen are the central banks of the savings banks. They act as clearing houses for the savings banks' national cashless payments. They hold the liquid reserves of the savings banks within their area of activity and effect the regional balancing of funds among the savings banks. Moreover, the Landesbanken and Girozentralen transact all customary banking business, e.g. granting short, medium and long-term loans to industry, commerce, trade and public authorities; in many cases they provide loans jointly with the local savings banks.

The Landesbanken and Girozentralen are entitled to make issues. They issue mortgage and municipal bonds. In addition to security and stock exchange dealings the services provided by the Landesbanken and

Girozentralen include foreign business in all its fields. To an increasing extent the Landesbanken and Girozentralen participate in international money and capital transactions, and, in particular, in the business of international financing.

The Landesbanken and Girozentralen assist the savings banks in their foreign business, for which purpose the maintaining of relations with foreign banks is of particular importance. On the other hand, the extensive network of branches of the German savings banks organization is utilized by foreign banks through the Landesbanken and Girozentralen.

The standard DM travellers' cheques of the German savings banks organization issued by the Landesbanken and Girozentralen and the savings banks show as drawee, Deutsche Girozentralen-Deutsche Kommunalbank, Berlin and Frankfurt am Main.

### Building Societies

Along with the savings banks and the Landesbanken/Girozentralen there is a third group constituted by the 13 public building societies. These are institutions specializing in housing finance. Contractual savers with these building societies form their own capital which benefits in Germany from State premiums or tax relief. The building societies grant loans to their customers at favourable rates of interest with which to finance the building or purchase of their own home and land.

### Deposits and basic Capital Resources

In the Federal Republic there is a well-balanced structure of private commercial banks, co-operative banks and credit institutions operating under public law, with special and general functions. The biggest Group among the credit institutions operating under public law is that of the savings banks (Sparkassen) and of the Landesbanken/Girozentralen. Every single deposit in these institutions is fully backed by the public guarantee. The guarantor for the savings banks is the respective local administration. The deposits of the Landesbanken/Girozentralen are guaranteed by their owners, who are usually the executive of the respective Lands of the Federal Republic and the respective savings banks.

The source upon which the savings banks draw to set up their own capital is their net profit, after deduction of tax. The Landesbanken and Girozentralen draw their basic capital resources from the allocation of their profits to reserves and from the allocation of the guarantors, i.e. of the respective State Governments and of the regional Savings Banks Associations in those Lands of the Federal Republic. While the private banks are able to set up their own capital in different ways (issuing of new shares, participations) the savings banks are prohibited by law from doing so. The basic capital resources of the Landesbanken/Girozentralen and of the savings banks are modest in comparison with that of the private banks.

But this is not detrimental to their business transactions because the guarantee provided by the cities, communities and states have a net worth function which covers the liabilities of the Landesbanken/Girozentralen and savings banks.

### DEUTSCHER

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The Grundig company headquarters at Sydenham, London. German companies are now looking more favourably at investment in Britain.

## Britain: Whitehall woos the industrialists

by Peter Hill

Preliminary work is already going ahead at Bridgend in South Wales on the construction of the multi-million pound engine factory for the Ford Motor Company. The decision by Ford to locate this massive new European investment in Britain earlier this year followed several years of detailed studies and several hectic and anxious months of negotiation for officials of the Department of Industry.

The attraction of Ford to the South Wales site—against persuasive and influential arguments from other nations competing for the investment—has provided the Government with a huge boost in its campaign to secure large foreign investment projects to the United Kingdom.

The hope is that the Ford decision will influence other major companies to locate their new European investments in the United Kingdom where the financial inducements and general economic incentives are now every bit as attractive as those on offer in other parts of Europe. For Japanese and American companies the United Kingdom provides the ideal base and springboard for their marketing operations into the other member states of the European Community and also to the

important Scandinavian markets. For other European companies, the attractions of the United Kingdom are now being appreciated much more clearly.

Despite Britain's poor reputation for disruptive and damaging labour relations, the advantages of locating new investment in Britain—assisted by an armoury of financial assistance measures—are beginning to be seen in a different, more attractive light. It is because of this discernible change in foreign attitudes towards investment in Britain that top Whitehall officials are now involved in a major offensive to attract substantial investment from overseas.

Last month's visit by a top level team of West German industrialists and bankers reflected the determination of the British Government to stimulate new investment in Britain by West German companies. The visit, followed many months of behind the scenes discussions involving Sir Oliver Wright, the British Ambassador to Bonn. The composition of the German party clearly reflected the importance which German industry and the banking community attach to prospects for investment in Britain.

Led by Dr Hans-Günther Sohl, vice-president of the Federal Association of Ger-

man Industry, the party included the chairman of Veba the oil and petrochemical group; the chairman of Bayer; Dr Herbert Grunewald; and directors of both the Deutsche Bank and Dresdner Bank.

After four days of meetings, visits and discussions which included talks with the Prime Minister and the Chancellor of the Exchequer among others, the party was unanimous in its view that Britain was in a good way for a better economic future and had a good chance of overcoming the difficulties of the past few years. The high powered delegation from one of the richest and most successful economies in the world appeared to have been much impressed by the way in which the trade union movement had cooperated in the Government's anti-inflation policies, although members of the party noted that the real test would come in the middle of next year when it would be seen whether the moderation had been maintained.

The new mood of cooperation on the pay front and the emphasis being placed on settlements being within the Government's 10 per cent guideline ceiling represented a major feature of the presentations made to the West German team but views were also undoubtedly shaped by the impact which

increased revenue from the North Sea's oil and gas reserves is having on the economy, the facts that the balance of payments has improved considerably, that money supply was under control and that interest rates were falling.

As one member of the team noted at the end of the visit: "We would recommend investment in Britain. We are convinced that the situation will improve."

The United Kingdom is Germany's seventh largest market accounting for about 4.8 per cent of total exports while West Germany represents Britain's second largest export market after the United States, taking 7 per cent of total British exports.

Direct investment by German companies in Britain has risen considerably in the past few years and more than doubled between 1973 and 1976. Total aggregate investment has risen from DM361.8m in 1973 to DM1,965m last year but this is less than half the total United Kingdom investment in West Germany which has risen from DM3,607.8m in 1973 to DM4,408.9m last year and the German investment in Britain is relatively small compared with West German investment in other European countries.

But that trend is likely to change over the next few years. There is expected to

be a steady rise in the volume and value of West German investment in the United Kingdom over the next few years and members of the delegation left ministers and officials in no doubt of the positive attitude which they would adopt in view of the modest GDP growth expected for the United Kingdom, the prospect of exchange rate stability coupled with Britain's growing indigenous energy resources and the scope for improvement in output.

Of course there are other attractions. The low wage British economy presents obvious attractions to German companies and German companies clearly have considerable scope for building up rates of labour productivity in United Kingdom operations which is a move which would bring undoubted benefits for British industry generally.

Add to the general improvement in Britain's economic position, the wealth of financial aids and inducements which are now being offered by the Industry Department, there is little wonder that Whitehall officials are optimistic for the future of German investment in Britain.

The author is Industrial Correspondent, The Times.

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Mr Eric Varley (left), Secretary of State for Industry, with Dr Hans-Günther Sohl who headed a West German trade delegation on a recent visit to Britain.

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July 15/16



## Brazil: foreigners welcome but facing difficulties

by James Hutchinson

A West German industrialist referred to his country some years ago as an exporting giant for a dwarf when it came to investing abroad. Germany traditionally attracted more foreign investment than it was prepared to place in foreign countries.

A few years ago the trend changed. At the end of 1976 foreign investments totalled DM47,000m compared with total foreign investment in Germany of DM45,500m.

Two principal factors have encouraged this development—the Deutsche mark has increased in value in relation to other currencies by about a sixth since the end of 1973, making exporting more expensive, and rising production costs have prompted manufacturers to set up plants in countries where wages are lower.

Countries of the Third World, like Brazil, have in particular benefited. The Third World now has about 30 per cent of West Germany's total foreign investment although the United

States remains the most attractive area for German investors.

At the end of last year investments in the United States totalled DM5,360m, those in Brazil DM3,450m. Even so this makes Brazil the second most popular goal of German investment. After the Germans, the next biggest investors in Brazil are the Japanese and the Swiss.

A German banker, Herr Hermann Josef Abbs, was recently asked why German industry invested so enthusiastically in a country with an inflation rate of 45 per cent. His reply indicated that this could well be a deterrent in the future.

The most significant investments, Herr Abbs pointed out, were made at a time when the inflation rate was lower. Further, once an investment plan had been put into operation it could not simply be broken off. The long-term prospects were decisive.

Volkswagen, for instance, has been well established in Brazil for many years. Its total investment there amounts to \$117,500m—or

about 80 per cent of Germany's Brazilian investment. Daimler-Benz has invested \$55,200,000 (9.4 per cent) and Robert Bosch \$35,700,000 (6 per cent).

Although Brazil, by far the largest developing country in Latin America, has introduced restrictive provisions for foreign investments—partly because of its serious balance of payments difficulties—the investment climate has remained basically liberal.

The country's economic policy is aimed at reaching a high degree of self-sufficiency for its industry. Import licences are issued, therefore, only for such quantities as are considered absolutely necessary, and high import levies are imposed.

Brazil has increasingly adopted the concept of joint ventures. Long-term investment loans from local financial institutions are practically only available to companies with a majority of Brazilian shareholders.

Foreign investors should be prepared for this and to

look for local financing and local technical partners. The Brazilian Government offers tax inducements to foreigners willing to invest in underdeveloped parts of the country and, additionally, in certain specific industries, such as forestry, fishing and tourism.

After the oil crisis Brazil went deeply into deficit, but its position has greatly improved in the last two years, and, last year, Brazil had a trade surplus with West Germany of more than \$100m. Brazil suffers from an acute shortage of skilled labour, and foreign investors have to train their own workers on the spot.

But, despite present difficulties West German businessmen in Brazil are reasonably optimistic. The chemicals firm of BASF, for example, is confident that the Brazilian Government will solve most of its problems this year.

BASF has been in Brazil since 1953. Like many other German firms it had concentrated its efforts until a few years ago in the area around São Paulo, but has

since moved into the north-eastern development area.

Krupp began production mainly of machinery for the coal and steel industries—about two years ago at a new plant in Belo Horizonte, and by next year hopes to have reached an annual turnover of DM100m. The firm has also captured a large share of the market for oil mills for the rapidly expanding soybean processing industry. And last year the Westdeutsche Landesbank of Düsseldorf acquired a 30 per cent stake in a Brazilian investment bank, deal specially designed to ease German investment.

But for the moment there is no disguising the fact that foreign investors are facing considerable difficulties in Brazil. The Government reckons that credit restrictions will bring about a fall in productivity and create more unemployment. Under the revised economic plan the Government estimates a growth rate of 5 per cent for 1977, but this is based mainly on the agricultural and mining industries. In other industries no growth is expected.



Traffic jams in the centre of São Paulo continue, despite a government ban on private cars. Taxis and buses are now responsible for hold-ups.

## Risk factor causes 'wait and see' policy in South Africa

by Ray Kennedy

The extent of West German investment in South Africa is difficult to calculate accurately. Take, for example, AEG: AEG Telefunken (Pty), based in Johannesburg answers not to AEG in West Germany, but to AEG (Canada).

Thus its profits are not shown in performance figures of the German parent but are consolidated in those of the Canadian subsidiary. There is no doubt that AEG is big in South Africa: Telefunken alone is one of the main constituents of the embryo television industry.

Similarly, organizations such as Mercedes-Benz, Volkswagen, Siemens, Magirus Deutz are in South Africa as a result of long-established joint venture agreements. Siemens has the

South African communications system and has done since its inception—the first telephone link in South Africa was laid by Siemens in 1860 between Cape Town and the then British Admiralty dockyard at Simonstown.

Officials at the South African-German Chamber of Trade, in Johannesburg, admit that since the Soweto trouble in June last year, German enterprises have been distinctly more unwilling to put their money into South Africa.

Although long-term investment has not been seriously affected, smaller enterprises which, according to the chamber, do not have access to the same information as big concerns, are showing a distinct reluctance to invest further.

There is also a considerable amount of slack in the

South African economy and under-use of existing productive capacity which makes increased investment unnecessary.

According to official figures issued by the German Federal Reserve Bank, investment in South Africa at the end of 1976 totalled DM576.2m, an increase of DM38m in 12 months. In the previous year it jumped by DM139.2m.

It underscores the profound effect of the Soweto disturbances on the South African economy and on overseas confidence. However, total German investment in South Africa is significant. We are reckoned by the chamber to be DM3,900m. This is, although the political uncertainty does not lead us to conclude that we must profits, investment through close our books in South Africa—such as the AEG arrangement—and the fact that Reserve Bank

approval is not required for local borrowings to acquire minority shareholdings of less than 25 per cent.

The official figures also exclude German loans to South African public corporations such as the Electricity Supply Commission, Escom, the Iron and Steel Corporation, Iscor, and the railways.

Mr Rolf Rauschenbach, managing director of BASF (SA), wholly owned subsidiary of BASF (AG), puts the position succinctly when he says: "There is no bidding the fact that the risk factor is becoming of greater importance. We are adopting a wait-and-see attitude. This is, although the political uncertainty does not lead us to conclude that we must profits, investment through close our books in South Africa—such as the AEG arrangement—and the fact that Reserve Bank

man firms directly represented or operating through joint venture agreements in South Africa and covering all aspects of industry, manufacturing and finance.

Germany's direct investment in South Africa is less than 2 per cent of its total net direct investment overseas, compared with Britain. In April, the Department of Industry had almost 10 per cent of the book value of direct foreign investments in South Africa at the

end of 1974, accounting for 24 per cent of total foreign direct investment in South Africa at the time.

But the return in terms of two-way trade has been greater for Germany in recent years than it has been for Britain, which has an estimated £2,600m invested in the country.

In 1974, Germany was ahead of Britain for the first time as the largest exporter of direct foreign investment to South Africa, thanks largely to winning

big contracts for the Richards Bay and Saldanha Sishen rail and harbour developments.

However, South Africa only represents about 1.4 per cent of Germany's total foreign trade and the attitude of the Bonn Government to Pretoria's racial policies is a matter of concern in South Africa.

After the recent banning of 13 organizations and the country's biggest black newspaper the German Foreign

Minister, Dr Hans-Dietrich Genscher, called on Pretoria to retract the measures "and finally grant elementary rights to the majority of the people."

This has been followed by the recall of the West German ambassador to South Africa for consultations—the highest form of diplomatic censure short of breaking diplomatic ties completely.

Whether the political noises will be followed by

economic moves and whether Germany will support any form of sanctions against South Africa remains to be seen. There is no doubt that the links between the two countries are more important to South Africa than Germany.

But money talks, and the growing German stake in South Africa is 25 per cent of its investment in Africa as a whole, with the bulk of the remainder in Libya (from where it buys its oil).



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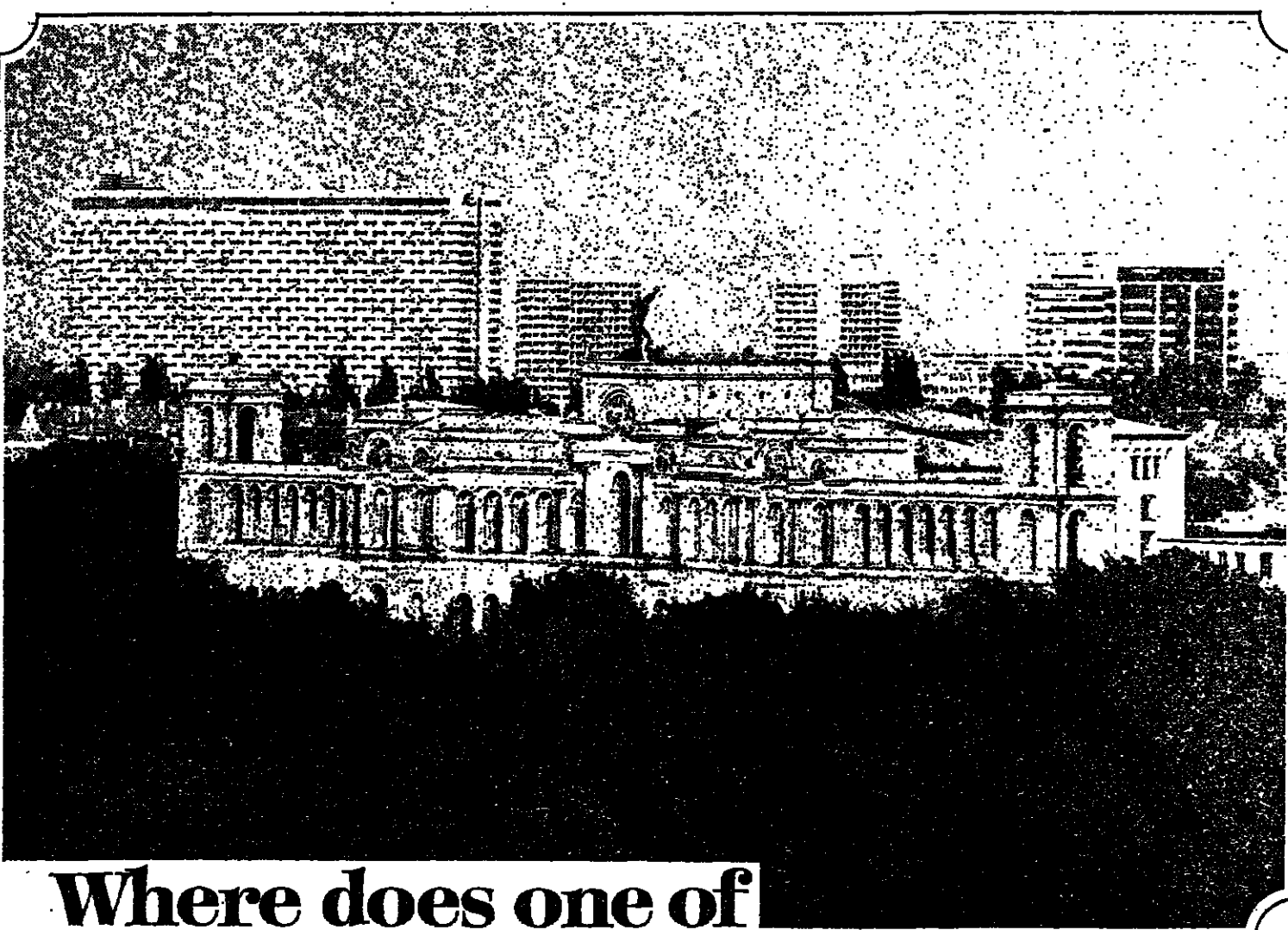
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## Middle East develops slowly as destination for funds

by William Cook

It might, on the face of it, seem a perfectly natural step for West German industry to invest heavily in the oil-rich countries of the Middle East. They do, after all, possess the resources that Germany badly needs to keep its factories going, which in turn produce goods that the Arab nations basically lack.

But the trend has been slow to develop. Some experts have strong doubts whether it will ever really get under way. Their argument, and it is widely held, is that oil countries are keen to buy technology rather than have foreign investment cash set down on their doorstep. It is not money from such industrialized giants as Germany that they need, but the knowledge with which to set up their own industries.

Germany, moreover, is not the only source of technology. Britain, for example, has strong business links with the Middle East, while many of the rulers and officials have studied in England and speak good English, whereas German businessmen's linguistic ability, though, such problems can be overcome. It is the long association between Britain and the Arab world that presents a more difficult obstacle.

There are, none the less, strong arguments on the side of those who predict that German investment in the Middle East oil-producing countries is bound to expand, if not at a gallop, then at least at a trot.

To date, German firms' investment in Opec projects, joint ventures and enterprises totals about 1,000m Deutschmarks, although this does not include any funds that may have been chan-

nelled through other countries or indirectly. Trade officials in Bonn point out that this total is minute. West Germany's total investments abroad are not far short of 50,000m DM.

Much of the money being spent by German industry in the Middle East is linked to specific contracts or building projects and cannot be classed strictly as direct investment. During the first half of this year, only one Opec member in the area, Iraq, was in the 10 countries which received the largest amount of German funds. And with a mere 40m DM, it was well behind countries like the United States, which was followed in second place by Germany's favourite developing nation, Brazil.

Apart from Iran, Germans seem to prefer the non-Arab Opec countries of Nigeria, Indonesia and Venezuela as recipients for industrial investment. All are thickly populated with large potential domestic markets, high revenues, ambitious development plans and a relatively favourable economic climate.

In only one of the Middle East oil producers, again Iran, does Germany have a chamber of commerce. This was set up two years ago and is unlikely, for the moment at least, to be followed by others in that area. To give potential investors and exporters an idea of what Iran has to offer, the chamber has just published a brochure containing the names, addresses and telephone numbers of 325 state purchasing organizations and companies, something which did not exist earlier.

There is no shortage of difficulties for the potential investor in the Middle East, and most have been well publicized. Transport problems, administrative and bureaucratic blockages, problems of cultural and financing methods, and legal dif-

ferences all combine to hinder investment.

But the Opec countries are anxious that their revenues should not be based on oil, but from a mixture of refining, chemical and heavy industry. It is this desire to broaden their industrial base which makes the Middle East an obvious attraction for businessmen from any western country.

It has been estimated that nearly 40 per cent of the world's oil output comes from the Middle East and the region also accounts for about 60 per cent of total reserves. While this is good news for the oil countries, there is a darker side to the picture and one which Opec members have clearly recognized.

If oil continues to be produced at the same rate as in 1975, it has not, in fact—and no new reserves are discovered, it will run out in 19 years. In Kuwait, there would, on this assumption, only be enough oil for seven years; in Algeria for eight years. Drawing a conclusion from this, the Institut für Wirtschaftliche Forschung (IWF) Research Institute in Munich said recently that Opec members would be forced to increase oil prices further and cut production if they wished to use the benefits from oil for their own economies beyond 1995.

The outlook for natural gas is more favourable. With as much as 20,250,000 million cubic metres, or 30 per cent of the world's total, the Middle East has enough for the next 200 years. Particularly well endowed are Iran, Algeria, Saudi Arabia and Kuwait.

The vast revenues which these oil and gas-rich countries accumulate every year are judged by IFO as sufficient to finance the refineries, petrochemical plants, steelworks and alu-

minium smelters. In 1976, the inflow of foreign exchange was about \$39,400m of which \$50,000m was actually spent.

Yet as IFO takes pains to point out in its study of Opec and the industrialization of developing countries, the way in which the \$39,400m surplus is distributed is very uneven. Countries like Libya, Saudi Arabia, the United Arab Emirates, Qatar and Kuwait, have such small populations and such oil-based economies that they find it hard to absorb all their revenues.

Oil producers that are heavily populated and economically diversified, on the other hand, such as Algeria, Iraq and Iran, can scarcely be called "surplus" any more, IFO says. Here, projects in the hydrocarbon and energy-intensive industries are vying for available funds with others in the agricultural, basic services and military sectors.

Iran's decision to take a quarter share in the Krupp concern shows the value that the Middle East oil producers place on the acquisition of vital technology and materials from the developed countries.

The Opec countries also have ambitious plans for nitrogen-based fertilizer production, where they hope to boost ammonia capacity six-fold from the 1975 level to 6,600,000 tonnes a year by 1980 and that of urea from 1,700,000 to 8,100,000 tonnes. In the iron and steel industry, where Iran and Algeria are the most ambitious planners, the aim is for an expansion from one million tonnes of steel in 1975 to 37 million in 1980.

Clearly there are chances for German investors with high stakes. However, there will be plenty of competition from other industrialized countries, and the operating difficulties are immense.

by Peter Norman

This year unemployment in West Germany is almost certain to average more than a million for the third year running. Although business investment rose by about 11 per cent in the first six months of this year, there is still general agreement that investment at home is too low to bring a return to full employment.

Therefore, it is hardly surprising that investment abroad is a controversial subject, even though it represents only about a twentieth of industry's fixed asset investment a year.

The average worker or newspaper reader can hardly fail to be impressed by the percentage figures being bandied about. For example, in the three years to the end of 1975 the average rate of industrial investment abroad was 57 per cent up on that of the previous three years, while investment at home declined on average by 6 per cent.

Over the past few months hardly a week has gone by without some large German company announcing a new venture abroad. It is easy to visualize an export of jobs and a corresponding loss of employment opportunities at home.

In certain cases the fear is justified. Today Triumph International, the ladies' swimwear and lingerie concern, is hardly a German-based company from a production point of view.

Between 1965 and 1975, the company's West German turnover fluctuated downwards from DM375m to DM334m while sales abroad rose from DM116m to DM424m. The workforce in West Germany fell from 13,200 to 4,400 and abroad it rose from 4,800 to 13,500. Triumph International is

## Production abroad safeguards jobs at home



These immigrant workers have come to Dortmund in search of a job, though there are more than a million unemployed in West Germany.

the classic case of a company involved in a simple technology process—in this case making clothes—which had to move abroad because West Germany has developed into a high-wage country. By investing abroad it continued to grow in an otherwise declining industry.

But Triumph International is not typical. Most German industrialists would claim that investment abroad makes the jobs at home more secure.

It was with this argument that Herr Toni Schmücker was finally able to persuade the Volkswagen supervisory board to agree to an assembly plant in Pennsylvania, from which 200,000 Rabbit versions of the Golf will roll off the production lines each year from 1978 onwards. He argued that a Golf or Rabbit made in the United States would need parts made in Germany.

Furthermore, by maintaining or increasing Volkswagen's overall United States market penetration, the Pennsylvania plant should make it easier for the company to sell imported Volkswagen or Audi models.

To obtain the approval of his supervisory board, Herr Schmücker had to win over Herr Eugen Lodewig, the head of the powerful Metal Workers' Union, which had previously blocked suggestions for a Volkswagen

assembly plant in the United States. If he had not succeeded, the upwards movement of West German investment abroad might have been stopped in its tracks.

The Volkswagen management faced a special difficulty in that the discussion on the advantages of an assembly plant in the United States came at a time when the company was going through a crisis. In the spring of 1975 Volkswagen had to shed a substantial portion of its West German workforce. It was hardly surprising that the union needed assurances that the United States investment would not cut the number of jobs in Germany.

The top managers of the chemical industry were more fortunate. Their major initiatives abroad came at a time when the chemical industry in West Germany was growing strongly.

The recession rather tarnished the growth image and the chemical industry's performance this year has been disappointing. But when Bayer announced earlier this year that it planned to invest \$500m in the United States over the next five years, the local West German trade union leader was quick to say that he had no fears for the jobs of the chemical company's German employees.

Herr Walter Gläsel, the head of the IG Chemie trade union in the north Rhine area and a member of the Bayer supervisory board, echoed the Bayer management in saying that he thought the company's North American subsidiaries would prove to be important customers for raw materials and semi-finished products made by Bayer as well as help to open the American market to products made in Germany.

There is also the point that foreign investments can, in their initial period at least, open up export opportunities for the German engineering and machine industries and so provide a stimulus to employment.

The steady advance of German investment abroad testifies to the smooth working of worker democracy in German industrial and commercial concerns.

Mitbestimmung, the German system of co-determination through the appointment of worker representatives to supervisory boards, has enabled German management to convince their workforces at the highest level of the virtues of foreign investment even in times of recession.

A representative of the employees can see for himself how a foreign investment will open or preserve a market, stimulate technological feedback and generally advance the welfare of the company and its workforce.

But because of *Mitbestimmung*, German companies are likely to remain funda-

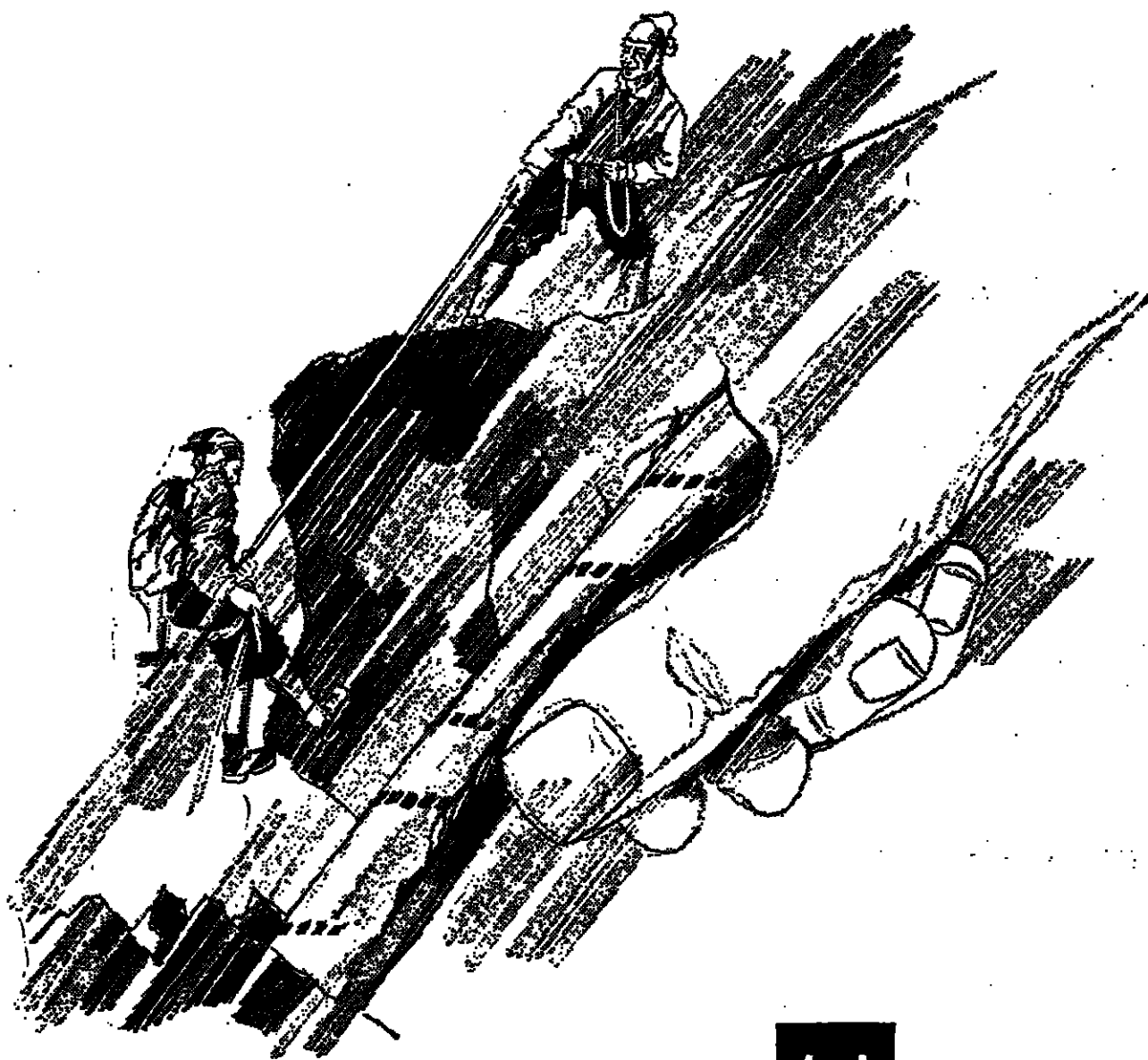
mentally German. The workers' representatives may approve foreign investment projects, but they will also make sure that most of a company's investment programme is carried out in West Germany.

There is no German company that could accurately be described as multinational. Even the biggest such as Siemens, Daimler-Benz or Volkswagen, are distinctly German concerns, albeit with international interests.

West German corporate investment abroad also has the support of the Government. The trained economist at the helm in the Bonn Chancellery clearly does not think that foreign investment conflicts with the Government's main economic policy goal of restoring full employment.

Furthermore, no change in government policy is likely to arise from the recent change at the top of the Economics Ministry. Herr Otto Graf Lambsdorff is just as much a convinced free marketeer as his predecessor, Dr Hans Friderichs.

In fact, both the Government and the Federal Bank in Frankfurt welcome West Germany's re-emergence as a net exporter of long-term capital. For the rise in German investment abroad is something that can be "bet" when it is suggested that the country is not doing enough to bring about world economic recovery.



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The economic implications of N Sea oil, page 25

## Cabinet policy to float pound challenged by top economists

By Melvyn Westlake

Criticism of policies, which permit sterling to rise on the international currency markets, comes this morning from three of Britain's most eminent academic economists, all of whom have at some stage been employed in government service.

A week after Mr Callaghan and Mr Hailley allowed the pound to rise freely against other currencies, Mr Wynne Godley, a former deputy director of the Treasury's Economic Section, suggests that the Government would have been wiser to take alternative action to prevent speculative inflow of foreign money to Britain.

One alternative measure that the Government could have taken would have been to require banks to re-deposit non-resident holdings of sterling with the Bank of England.

By contrast, those ministers in favour of allowing the pound to appreciate have argued that the alternative was to allow an increase in the money supply or remove exchange controls on British investment overseas.

Both were ruled out on the grounds that one would increase inflation and the other would be unacceptable to the TUC.

Writing in the November issue of *The British Economy*, published by City stockbrokers Wickers, de Cosm, Mr Godley, who is director of the Department of Applied Economics, Cambridge University, says that Japan, West Germany and Switzerland have "on the whole" been successful in keeping out speculative inflows by a variety of devices.

Referring to the mini-Budget of October 26, he says it is now clear that fiscal policy has been even more restrictive than was expected a few months ago, and "will remain so even after allowing for the expansionary measures introduced".

In Mr Godley's view the present fiscal stance "is over-restrictive to the point of being self-defeating". He calls for a "reflation" based on a short-term forecast.

Continued from page 1

advice. "Counsel thought that we had a very strong case, and on the basis of that the executive committee took the decision to go ahead with legal proceedings."

In December 1974 the then Prime Minister, Mr Harold Wilson, faced with the top salaries body's various recommendations, decided to grant some increases for the judiciary and top civil servants, but selectively froze the pay of state board members.

There was a protest at the time from Lord Boyd of Hanborough, chairman of the Review Body, and ever since there has been simmering discontent in the higher reaches of public corporations and other enterprises subject to the body's guidelines.

Most recent manifestation of the discontent has been the formation of an Association of State Board Members to fight for salary improvements, and a

much-publicized revolt within Cable & Wireless.

Pay restraint policies have been the justification used by ministers in requesting state board members to set an example. The Government originally promised permanent secretaries and deputy secretaries full implementation of rises recommended in 1974.

These were to be effected in two stages, but last year the arrangement was changed as part of counter-inflation policies then prevailing.

Pay of top civil servants has been frozen between £14,000 and £20,175 a year by excluding the second stage of increases, due on January 1, 1976.

For over 100 members of state boards, present salaries were frozen in 1974. Since then all other managerial groups have received adjustments to their remuneration. Some boards are now receiving less than subordinates in executive management.

## Profit on state contracts

By Edward Townsend

Government and Confederation of British Industry officials have agreed to implement in full the latest recommendations of the Review Board on non-competitive government contracts, including the proposal that the overall target rate of return on such deals be raised from 18 to 20 per cent from October 1.

Negotiations between the Treasury and the CBI, representing the contractors, began almost two months ago, after publication of the board's report, the second general review of the profit formula since the body was set up in 1969.

The 18 per cent rate ceased to operate on September 30 and it had been hoped to reach agreement on the new level by that date.

Although the industrialized nations have already made some concessions on the issue of a common fund, the differences between their position and that of the Third World countries. This has given rise to fears that this gap may not be bridgeable during the present round of negotiations.

Mr Ganiemi Corea, the Sri Lankan Secretary-General of Unctad, has already issued a strong warning about the dangers another failure to reach agreement could pose to relations between the industrialized and developing countries.

His words recall the previous unsuccessful round of negotiations on the common fund last March, and the unsuccessful 18-month Conference on International Economic Co-operation in Paris, which ended in an abortive ministerial meeting last June.

However, even the optimists now expect that there will have

experience, to exceed the provisional termination date of December 2.

The negotiations, which are being held under the auspices of the United Nations Conference on Trade and Development, are scheduled to last four weeks but seem likely to last

## Draft audit standards ready early next year

By Nicholas Hirst

Production by the accountancy profession of a long-awaited comprehensive set of auditing standards is well advanced and the documents should be published in the first quarter of next year.

Lack of a generally accepted set of auditing standards has been a considerable embarrassment to the profession over the past few years, as the quality of auditing has been increasingly called in question.

Partly for this reason the joint committee of the six United Kingdom accountancy bodies, set up the Auditing Practices Committee nearly two years ago to produce definitive standards.

Discussion papers on all the major issues have been sent to the technical committees of the accountancy bodies, including some 1,200 people. They will be asked to report back by the end of this month.

A report on disciplinary procedures prepared by an eight-man committee headed by Lord Cross, will be published this week. Although not directly related to the new auditing standards, the report will help the professional bodies and disciplinary committees of the profession to make judgments on accountants if there is a set of published rules for guidance.

The discussion papers which have gone out to the technical committees include an explanatory foreword, four operational standards covering auditing planning and control; accounting systems, audit evidence and financial statements; two on audit reports—one for qualified and one for unqualified—and subject guidance notes.

The standards, intended to codify best practice, are not fundamentally different from the 20 statements on auditing included in the U section of the English Institute's handbook.

Outside the profession itself, the new standards likely to have the most impact concern the auditors' report. Increasingly strict and onerous requirements for financial reporting resulting from the issuing of

Financial Editor, page 25



Lord Cross: Disciplinary report this week.

successive statements of accounting practice from the Accounting Standards Committee, the rule-making body of the joint accountancy bodies, has led to much more frequent qualification of auditors' reports.

It has thus become increasingly difficult for readers of companies' annual statements to discern the importance of a qualification.

To overcome this, four types of qualified audit report are suggested, each carrying standard words which would be applied universally by auditors.

Qualifications will be divided into those which are fundamental to the accounts as presented, and those more common to specific areas of the accounts.

They are divided yet again between qualifications where the auditors are uncertain whether the figures are correct, as with some property valuations, or where they disagree with the method—where an accounting standard has been flouted.

Thus, non-fundamental uncertainty would use the words "subject to the outcome of the court case referred to . . . the accounts in our view give a true and fair view".

Non-fundamental disagreement would use the words "Except that the standard on deferred tax has not been complied with the accounts give a true and fair view".

Fundamental qualifications would be used where the auditors "are unable to say whether the accounts give a true and fair view", or "because of . . . not complying with a standard the accounts do not give a true and fair view".

Financial Editor, page 25

## BNOC would be 'commercial' under Tories

By Roger Vielvoys

A Conservative government would contain but not abolish the country's newest nationalized industry, the British National Oil Corporation. Mr Tom King, the opposition energy spokesman, said at the weekend that under the Conservatives the BNOC would lose its role as a government regulatory agency and would have to operate like a commercial oil company without the privileges bestowed on it by the Labour Government.

Mr King was presenting the new Conservative energy strategy, which reflects the more tolerant attitudes towards BNOC that have emerged in Conservative circles over the past few months.

He said the corporation was an unhappy combination of a regulatory agency and a state oil company. The Conservatives accepted that it might be necessary to regulate the rates of extraction from the North Sea to ensure that the oil was used when the country needed it.

But it was quite incompatible for this to be carried out by BNOC in conjunction with its other role of an operating oil company.

The corporation would have to conform to commercial disciplines and would lose its exemption from Petroleum Revenue Tax and access to the National Oil Account into which all the royalty payments by other operators are made.

"It is our firm intention, firstly, at least, to contain BNOC and then to examine its activities in each case to determine their relevance to the

national interest," he said.

Mr King, who was speaking at a Conservative Political Centre meeting in Banbury, reaffirmed support for the 1974 guidelines regarding North Sea policy.

He said the guidelines recognized that changes might have to be made. But they were entitled to expect that if changes were made they were done so openly and only after the fullest discussion.

"We deplore the increasing signs that Mr Benn is surreptitiously avoiding the guidelines by indirect means such as his refusal to allow gas flaring here, at Blyth, and the move towards 'suggestion' about short term contracts there," he said.

"We reject utterly this back-room method of control and will ensure that the oil companies are fully informed of their rights and responsibilities."

## Two Arab airlines cited for price-cutting

By Business News Staff

Complaints that two Middle East airlines—Syrian Arab Airlines and Kuwait Airways—have been contravening regulations by selling cut rate tickets, have been submitted to the Department of Trade by the Board of Airline Representatives in the United Kingdom.

Evidence contained in reports compiled by independent investigators have also been lodged with the Association of British Travel Agents and the Guild of Business Travel Agents.

The two airlines bring to five the total reported by BARUK in its "Operation Clean UK" campaign to stamp out unauthorized discounting.

At the Association of British Travel Agents' annual conference in Athens last November, Air India, Egypt Air and Aeroflot were similarly reported for breaking an agreement not to

sell cut price or "bucket shop" air tickets.

If the new claims are proved, the ultimate sanction is a revocation of the airlines' licence to operate out of the United Kingdom. Travel agents can, in addition, be asked to boycott the airlines concerned by refusing to sell their tickets.

The Government, which through the Civil Aviation Authority has control of the legal powers to prevent British carriers from discounting, has no similar control over foreign airlines.

It is understood that new legislation permitting fines to be levied on foreign carriers to prevent discounting is being discussed within the DoT until recently. However, any such plan has now been shelved.

Present thinking is that developments such as Skytrain, standby tickets, Advance Booking Charters and cheap char-

ter tickets with minimal accommodation requirements will automatically eliminate irregular price-cutting.

The possible extension of new charter regulations is likely to be raised by Mr Ray Colegate, group director of the Civil Aviation Authority, in his address today to the 1977 ABTA conference, which this year is being held in Lisbon.

Arthur Reed, Our Air Correspondent writes: Over 300 senior executives from the 110 member airlines are expected to attend the 33rd annual general meeting of the International Air Transport Association in Madrid this week.

Chief problems are the availability of jet fuel in the future, the raising of the rising amounts of capital needed to finance new aircraft, and the move towards cheap fares, especially on the north Atlantic.

Business Diary, page 25

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However, the Third World wants the common fund to have its "own financial resources", which can be deployed at its own discretion.

Alongside the bargaining over the common fund, separate negotiations have been taking place between producers and consumers of particular raw materials in an effort to establish a range of individual commodity agreements.

Third World producers believe their version of the Common Fund would be a catalyst in the creation of such commodity agreements. But the rich countries disagree about how much control the common fund should have.

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## MANAGEMENT

Edited by Rodney Cowton

## LETTERS TO THE EDITOR

# Are you making the most of your productivity agreement?

All over Britain time and energy are being devoted to productivity agreements on the basis of the Government's past few months by the Government and the Department of Employment.

Different groups of managers and employees have different opportunities for meeting the Government's guidelines. The principle is that the constraining norm of 10 per cent for wage increases should be exceeded only if it will not increase unit cost.

In addition, the Government wants agreements to ensure that:

- Schemes should be introduced only where they are desirable and necessary to increase efficiency;
- the savings should cover the whole range of costs involved, including the costs of setting them up;
- improved efficiency should be demonstrated before payments are made;
- benefits should be shared with the firm as a whole (for future investment), consumers (in the form of lower prices or better service), and other employees not directly involved;
- payments levels should be set in the light of the last consideration, and recognizing that large pay increases or reductions in hours will affect the expectations of other workers' schemes must be self-financing.

What does this set of criteria actually say to employers? Bluntly, the message is that they can keep their workforce sweet if some opportunity exists to pay them more without any unnecessary impact on the world outside—by way of higher prices, or if the opportunity is not taken in advance of the improved cash flow that makes the increase possible.

This normally excludes lead-in payments or "kiss and promise" deals which will lead to pay increases on a due date whether the requisite reduction in unit costs occurs or not. What does it not exclude?

The productivity principle is that the constraining norm of 10 per cent for wage increases should be exceeded only if it will not increase unit cost

Apparently, it does not exclude reward for adequate output against budget (or compared with last year), whether the employees are parties to the bargaining, and monitoring the budget or not, so long as the budgets are accurate, or reasonably accurate.

Thus, a manufacturing company with a lot of slack in it because of recession may develop a "productivity deal" simply by becoming busier. So long as the increase in activity is not anticipated by the payment, this satisfies the measurable criteria of the Department of Employment.

It does not, of course, satisfy the criterion of being "desirable and necessary", except on the argument that some sharing of the improved cash flow is necessary for it to be achieved. Without the short-term inducement, on this reckoning, workers will simply not give the performance that the budgets require.

Equally, where there is conspicuous clutter of jobs, great inflexibility, or a lot of waste that can be comparatively simply controlled, there are opportunities for deals that will satisfy the criteria.

A change in payments systems, the application of method study to routine office work, and the usual devices of head-counting may all produce savings that justify a pay increase.

The slacker enterprise, the easier it will be; the looser, besides, will be the bases of calculated saving. The less necessary will be the attitude that will allow a

joint assessment of common opportunities by managers and other employees.

It should be obvious that an incentive operates directly only when the person involved can see how he personally can affect the course of events, and how his personal effort or adjustment is rewarded.

Equally, if he has to change his behaviour to achieve greater efficiency, and other people who get part of the reward apparently do not, he will feel that he is "carrying the indirections".

If he is already performing as efficiently as he reasonably can, or as well as he knows how, he will resent the opportunity that other workers have to increase their earnings by moving up from a base of low efficiency.

There are, in fact, many companies in Britain now either concluding or coping with productivity deals of this character, short-term expedients which put off until the next round of negotiation the inevitable internal consequences.

The critical probabilities are various, depending on the circumstances: consolidation of payments to absorb this year's productivity increase into basic pay when the market falls (assuming that there will be no investigation of the government sanction) is one; holding off pressure from indirect labour or staff until the opportunity arises or the coast is clear for meeting it is another. And one only has to look at the extraordinary distortions of

payment between supervisors and the supervised in some companies to see how difficult it can be to judge the right moment, or to keep the problem in mind sufficiently to watch for the right moment.

In fact, considerations of this kind provide most of the ammunition against "productivity bargaining" as a concept over the years. Countries which have higher "efficiency of labour utilization" than ours do not engage in productivity bargaining, and thus escape the dominance of 150-year-old Ricardian notions like: "The worker has nothing to sell but his productivity".

On the other hand, if the Nordic Bank survey of Scandinavian employers' experience in Britain is any guide, they may pay a different price, especially in terms of absenteeism.

It is 20 years last July since the United States west coast employers "bought the book" of restrictive practices from their dockers; a year later the Fawley negotiations started the trend in Britain, and we are now in the third phase of official encouragement to this kind of bargaining in Britain. Something must have gone wrong.

The old National Board for Productivity, and we are 10 years later, defined a productivity agreement as "one in which workers agree to make a change, or a number of changes, in working practice that will lead to a saving of time or cost, or any compensating pay increase—to more economical

working; and in return the employer agrees to a higher level of pay or other benefits".

Experience since suggests that the definition requires a rephrasing to one in which everybody involved agrees to make an appropriate change, or a number of changes, in working practice.

The constant emphasis on productivity as a shop-floor problem ignores the delicate relationships between managers, especially supervisory managers, and the rank and file for whose performance they are responsible. It also implies that managers do not have to adjust to the differences that higher performance makes to their dealings with subordinates.

When this amendment is made productivity agreements can be seen in their proper light—a comprehensive overhaul in the whole way of running an enterprise, which brings defects and anomalies into the open and clarifies common opportunities.

After 20 years of productivity bargaining (so described) and a century of hand-wringing about the lagging productivity of British industry, the challenge of management and positive results of such an approach are still a closed book to hundreds of thousands of our two million odd managers and administrators, tens of thousands of our 35,000 odd shop stewards and other workers' representatives, and hundreds of our 4,000-5,000 trade union officers.

The majority of our production workers are still called "hourly paid" and the incentives they are offered are frequently calculated by the standard minute. In a civilized society we can do much better than that.

**Innis Macbeath**  
The author is a visiting professor at London Business School and a senior consultant with Imbucon/AIC.

## Giving a fair income tax deal to childless couples

From Mrs Angela Thomas  
Sir, I must disagree with Mr Northcote ("Tax Cuts", November 1). It is high time that couples without children were not the losers in the income tax race.

Such couples, where both partners are employed, "contribute comparatively more and extract less from the economy than does a family with several children. The more children a couple has the more that couple contributes and the more they receive as benefits."

As for the birth rate being dangerously low—surely it is only just descending from a dangerously high level. Yours faithfully, ANGELA THOMAS, 11 Myrtle Road, Kingsdown, Bristol BS2 8BL, November 1.

man who: (a) is on a penal marginal rate of tax and (b) does not enjoy work for its own sake, is not the very opposite effect just as plausible?

After all, after a tax reduction, I can take home as much net pay for 40 hours work as I previously took home for 41 hours, am I not less, rather than more, inclined to work overtime?

And, more subtly, is not a similar effect likely to influence my attitudes towards productivity, responsibility, promotion and rest of the attributes which we call "incentives"?

Evidence, please. Yours faithfully, C. GREENHALGH, Rosemary House, Church Street, Hampden-on-Thames, Middlesex TW12 2EG, October 28.

Chancellor's announcement of 50 per cent relief for capital transfer tax on family companies I was telephoned by a client who said that he was so pleased that he intended to put into effect a £300,000 investment programme for his family company which he had planned years ago. I remembered that he had put off this programme because it seemed that there was no point in deliberately making the company a success, if it was to be crippled with CTT at the end of the day as a punishment for that success.

Even so, it would be even better if CTT on life-time transfers of family businesses from generation to generation could be abolished altogether. Then, I think, you really would begin to see these companies forging ahead.

Yours faithfully, R. W. SMERDON, 30 Queen Charlotte Street, Bristol, BS99 7QQ, October 28.

## The Employment Protection Act

From Mr C. Greenhalgh  
Sir, As a matter of interest, what evidence is there that lowering personal taxation leads to increased incentives? Except in the trivial case of a

From Mr R. W. Smerdon  
Sir, Maybe the penny has begun to drop at last with this Government that it is the small business which deserves to be encouraged. Shortly after the

From Mr Barry I. Mordley  
Sir, Mr W. G. Francis (November 2) refers to the Employment Protection Act as being "the most inhibiting piece of legislation with which those who run independent companies have to contend".

More importantly, however, Mr Francis refers to the injustices of the Act. What injustices is he referring to? Is he not aware that most of the Act is bringing us into line with the rest of Europe and that some of the Act's provisions are far less radical than those of our European counterparts. If it is arguable that the Act

goes beyond legislation in other countries, which I do not accept, then this would be highly desirable. For far too long we have lagged behind Europe in protective legislation.

Finally, if the measures are so inhibiting, why have they not inhibited other countries which have to contend with such legislation? Germany and France do not seem to be suffering, relatively speaking, of course, as much as England. The answer to Mr Francis's problems is not to be found in the Employment Protection Act but elsewhere. Yours faithfully, BARRY I. MORDLEY, Senior Lecturer in Law, Department of Law, City of London Polytechnic, 84 Moorgate, London EC2M 6SQ, November 3.

## Engineering design practice

From Mr S. C. Butler  
Sir, More than 50 years ago the late Professor Joseph Huband required his civil engineering students at Sheffield University to spend some of their time in design practice. He also took them to see engineering structures in various stages of completion and to foundries, steel and other plants to see being made the materials and components that later they would use.

My memory is getting erratic, but I think it would be correct to say that early this century Prof Huband read a paper on design before a joint meeting of the Institution of Civil Engineers and The Royal Institute of British Architects. Yours faithfully, S. C. BUTLER, Ashbrook Lane, St Appollis, Hitchin, Herts, Bedfordshire, November 2.

## Value of the pound and the elderly

From Mr J. W. Skillington  
Sir, I hope the manufacturers, business people and financiers who can profit by inflation will remember the hundreds of thousands, probably millions, of middle-aged and elderly people who have saved and invested and who now find their savings and investments worth anything between a fifth and a tenth of what they should have been.

Many have been forced to the Social Services for help. Those who thought a little property a safeguard, find it, through legislation, practically out of their control and the costs of maintenance such that they are forced to sell to the local authority.

A rising pound will help those who have any savings or investments left and probably take some of the financial strain off the Social Services. Generally it will lead to more controlled and planned spending, and enable one to think ahead. Any government which can restore some of their money to the middle-aged and elderly would doubtless gain their support in a future election. Yours faithfully, J. W. SKILLINGTON, 20 Morley Street, Kettering, Northants, Northants, October 31.

## Japan gears its production lines for TV replay age

The 1977 Japan Electronics Show in Osaka this autumn was a striking reminder of Japanese strength in consumer electronics. According to a booklet distributed to visitors the value of production rose by 42 per cent last year to over \$7,500m (about £4,000m).

The value of the same products from the United States last year was \$6,747m (£3,700m) and from 11 European countries combined \$6,700m (£3,710m). Goods displayed by the giants of the industry—Hitachi, Matsushita, Mitsubishi, Sanyo, Sharp, Sony, Toshiba—ranged from colour television sets to mini-computers for the home.

However, pride of place went to the video-tape recorder (VTR) for domestic use. This is considered by Japanese companies to be the most important innovation in consumer electronics since colour television and they lead the world in its development.

Linked by cable to a television set, whose screen and sound system it uses, the VTR records programmes on a cassette in much the same way as an audio tape recorder picks up radio programmes. You can record a programme as you watch it and use the cassette for repeat showings.

If you are going to be out of the house you can set an automatic timer on the VTR, which records a programme during your absence. If two good pro-

grammes coincide on different channels you can record one on the VTR while watching the other live.

Finally, you can use the VTR in conjunction with a colour camera, which operates on video tape, for making your own films.

In domestic VTR systems the Japanese companies have split into two incompatible groups. This means that the cassettes of one cannot be played on the machines of the other. Methods of loading tape and tape speeds are the main differences between the two systems.

At the head of one group is Sony, a specialist in audio and video equipment, whose 1976 sales were worth \$1,576m. On the other side is Matsushita, which markets a much wider range of products under the National, Panasonic, Technics and Qasar trade marks and sold \$5,787m worth last year.

Sanyo, Toshiba, Pioneer and Aiwa have opted for the Betamax system developed by Sony. With Matsushita in the Video Home System (VHS) camp are Hitachi, Sharp, Mitsubishi, Akai and JVC, the originator of VHS.

Sony has tried to persuade Matsushita to adopt its system and the Ministry of International Trade and Industry (MITI) has intervened in an attempt to get both sides to agree on a standard design, but in vain. The battle between Betamax and VHS for the

Japanese and American customer is on.

For the domestic market Matsushita is producing 8,000 VTRs a month at Okayama (to be raised to 10,000 by the end of the year) and a further 2,000 a month of a cheaper and simpler VTR, the VX 2000, at Shibukawa. Twenty thousand standard VTRs and 3,000 VX 2000s a month are being made and sent to the United States.

For the year ending November, 1976, VTRs accounted for less than 1 per cent of total sales but this is certain to increase.

Sony's business in VTRs for the nine months ending July 31 this year was up by 37.5 per cent over the same period in 1976 and amounted to 13.1 per cent of total sales. Production is running at about 30,000 a month, two thirds of it from a plant at Kōhda, near Nagoya. With an extension scheduled to be in operation early next year capacity at Kōhda will rise to 40,000 a month.

The cheapest listed price for a VTR in Japan is 210,000 yen (about £460), for Matsushita's VX 2000. The company's standard VTR sells at 265,000 yen (£585). Sony's latest model, launched last month, has come down 52,000 yen compared with its predecessor, to 228,000 yen (£500).

A Sony cassette with two hours playing time on each side of the tape costs 4,000 yen

(about £880), compared with 4,800 yen (£1,055) for Matsushita's.

In the United States the Betamax is being sold by Zenith and Sears, Roebuck and the VHS by RCA, Magnavox and Sylvania. RCA is offering the Matsushita standard VTR at \$1,000 (£545), about \$300 less than the figure that Japanese companies originally had in mind.

At more than £500 the VTR might seem a gadget for the wealthy few, with little prospect of achieving the mass sales of colour television. However, with the Christmas shopper in mind, the manufacturers and wholesalers are already engaged in a price-cutting war in both Japan and the United States. Mr Kazuo Iwama, president of Sony, has said that prices could fall by 30-40 per cent after the first few years.

For Mr Akio Morita, co-founder and chairman of Sony, "the next 10 to 15 years will be the video age". At present less than 1 per cent of households in Japan and the United States own a VTR, compared with more than 90 per cent for colour television. Mr Morita believes that once the 10 per cent level is reached a boom in VTRs will begin; in future the combined television and VTR could be as popular as the cassette radio is today.

Sony plans to start exporting

Betamax to Europe next year and its rivals will not be far behind. However, a more immediate growth potential lies in colour television, which has achieved only between 40 and 50 per cent market penetration.

Simon Scott-Plummer

## Chemicals trade surplus of £1,014m

By Edward Townsend

Britain's chemical industry achieved a record trade surplus of £1,014m in the first nine months of this year but its leaders have given warning that the position could be eroded significantly as a result of the stronger pound.

Figures released today by the Chemical Industries Association show that United Kingdom producers had record exports of £2,887m in the first nine months, a rise of 32 per cent in value and 11 per cent in volume compared to the same period of 1976.

Imports were up in value from £1,432m to £1,873m but the healthy export levels boosted the trade surplus by 35 per cent.

Mr Martin Trowbridge, the association's director general, said the performance was "exceptionally good" particularly in the light of the difficulties being experienced in world markets for chemical products.

"The strengthening pound will make our task even tougher, but the United Kingdom chemical industry is well placed, with modern plant and skilled manpower to meet this new situation."

Export growth could well slacken next year, he added. According to European Chemical News, should present demand conditions remain at about the same level next year, sterling drifts back from \$1.84 to \$1.90 by mid-1978, average profits for major United Kingdom chemical companies could only emerge about 15 per cent higher next year against the previously acknowledged median of 20 per cent projected by the City.

## EEC steel problems on Washington agenda

Brussels, Nov. 6.—Problems connected with the international steel crisis, the multi-lateral trade negotiations and the energy situation will dominate the two-day consultations with the European Economic Community opening in Washington on Monday, an EEC spokesman said here yesterday.

The EEC delegation will be headed by Herr Wilhelm Haferkamp, its vice-president. Mr Richard Cooper, Under Secretary of State for Foreign Affairs, leads the United States negotiating team.

Commission officials said that among the three major subjects to be discussed in Washington, steel was the most important.

Herr Haferkamp said that Viscount Etienne Davignon, the industry commissioner, would discuss steel at a separate and restricted meeting with Mr Robert Strauss, President Carter's special trade representative, and Mr Anthony Solomon, Treasury Under Secretary, on Tuesday.

Commission plans for a three-way steel accord between the EEC, the United States and Japan were being drafted, and would envisage restraints in steel exports to the United States, with similar restraints from the Japanese in their shipments to the United States and the EEC.

In return the Community side would suggest that the United States should drop its anti-dumping procedures against Japanese and European steel makers as well as lifting its quotas on special steel imports from them.

procedure, as it could affect 1,000m (£55m) worth of steel shipments to the United States per annum.

Community representatives are likely to stress that a penal duty on steel imports could seriously harm United States-EEC trade, expected to produce an \$8,000m surplus for the United States this year.

Because of poor domestic steel demand, EEC producers have considerably stepped up their transatlantic exports. In the first nine months of 1977 Europe's exports were up sharply on 1976, industry officials admit. And the possibility of some dumping in the EEC steelmakers' drive to push exports could not be ruled out, it was conceded.

But steel will also be discussed during the regular consultation meetings, when a special working group, the "casse" trade matters—especially the negotiations within the General Agreement on Tariffs and Trade in Geneva.

Also on the agenda are discussions on textile trade problems. The United States is likely to be brought up to date on current negotiations between the EEC and 34 Third World producer countries on restraining textile exports to the Community.

The so-called North-South Dialogue between the industrialized nations of the north and the developing countries of the south is another subject of discussions where EEC officials said, the problem of setting up a common commodity fund and possible commodity agreements to stabilize raw material prices, will be discussed.

AP-Dow Jones.

## Business appointments

### Dr J. Birks to be managing director of BP

Dr J. Birks has been appointed managing director of British Petroleum from January. Mr A. T. Gregory will succeed Dr Birks as deputy chairman of the executive committee of BP.

Mr J. Rickwood will join the board of BP Trading and become a member of its executive committee on the same date.

Mr Brian Coup has joined the board of Thomas Cook Group.



Dr J. Birks

Mr Harold Auker and Mr John Illingworth have been made joint managing directors of Lyon & Lyon and subsidiaries. Mr M. E. Lyon, previously chairman and managing director, has given up the latter post but remains executive chairman.

Mr A. M. K. Alexander and Mr M. J. Monaghan have been appointed to the parent board of directors of Phoenix Mining and Finance.

Mr F. A. Larcombe has been appointed to the parent board of Aquaculture & Associated Companies.

## The Times Veuve Clicquot Award

### 'A Woman in a Man's World'

The last few years have proved that the world of commerce and industry belongs equally to men and women. This has taken place only in the past few years during which time women have asserted themselves more strongly than ever in the world of business.

However, the Times Veuve Clicquot Award has retained its title carrying on the spirit in which it was devised but demurring to the reality of the present day.

Yet in many ways women still have a harder task in reaching the top. Statistics show that in general terms men still reach higher levels in all types of careers, and, truthfully, most people have some surprise when discovering a 'woman at the top'—in whatever profession.

**The Clicquot Inspiration**

The inspiration behind the original idea for the Award was La Veuve Clicquot. An enterprising young widow of the nineteenth century who founded the conventions of her time and founded a Champagne House which became the internationally celebrated House of today. Successful in her own lifetime the clever vivacious widow still enjoys great affection from her public who toast her when calling for a bottle of "The Widow".

**Achievement**

The panel this year will look at women working across the broadest spectrum of commerce and industry. It will be looking at the achievements of a nominee. Her degree of responsibility, her power, how enterprising she has been.

**Nominations**

Complete the nomination form giving full reasons for your choice—summarising her achievements (please attach a second sheet—press cuttings or any relevant background material).

The 1977 Award will be made on the results of nominations sent in by friends, colleagues, admirers, and even rivals—and there is nothing to prevent previous nominations being repeated.

Write your name and address in the space provided and return your entry to 'A Woman in a Man's World', Kerry Falcon, The Times, P.O. Box 7, New Printing House Square, London WC1X 9EZ.

**Champagne**

A prize of two cases of Veuve Clicquot Champagne will go to the person who nominates the winner, and the nominators of all finalists will be invited to a special presentation reception in the Times Boardroom. The closing date will be November 30th.

**The Award**

The Times Veuve Clicquot 'A Woman in a Man's World 1977' will receive:

- A vine to be named after her in the world-famous Clicquot vineyards.
- An expenses paid visit to Rheims for two for the christening of the vine.
- The winner will become Une Amie de La Veuve. At a traditional ceremony in the Clicquot caves, she will be made one of a select circle of friends of the House who receive a bottle of The Widow on every birthday.
- A silver replica of Madame Clicquot's own Tasse de Vin.
- A case of La Grande Dame—a very special vintage Champagne from the vineyards owned by La Veuve Clicquot during her lifetime.
- The presentation of the Award will be made at a reception in the Boardroom of the Times Newspaper.

**Nomination 1 nominate**

Her company is \_\_\_\_\_

Her status \_\_\_\_\_

My reasons for nominating her are as follows \_\_\_\_\_

Nominator's name \_\_\_\_\_

Address \_\_\_\_\_

Daytime Telephone No. \_\_\_\_\_

**Rules**

- The woman nominated must be based in the U.K.
- Times Newspapers Limited and Veuve Clicquot Champagne employees and their relatives may not enter.
- The decision of the panel of judges is final and no correspondence will be entered into.
- Closing date of the Award: 30th November 1977. Winners will be announced in The Times Business News shortly afterwards.
- No names will be quoted without prior consent.

**Veuve Clicquot**  
CHAMPAGNE  
MAISON FONDÉE EN 1772



BY THE FINANCIAL EDITOR

## Still living with exchange controls

Last week's gyrations in the sterling exchange rate have provided the Government with a little more headroom on the question of a possible easing of controls on overseas investment, presumably while it gauges how stable the recent inflows are likely to be over the longer term.

For the moment, however, the Government appears to have toed the TUC line that to permit easier investment overseas would be tantamount to importing more unemployment (although what evidence there is of that is anyone's guess).

So far as direct capital investment abroad is concerned, though, there is a growing hope among several companies that the authorities will be prepared to relax the "super-criterion" rule which broadly speaking requires an overseas project both to be export-intensive and to return a benefit to the balance of payments of an amount equal to the cost of the investment within 18 months.

Indeed, there have already been signs that the authorities are taking a more relaxed attitude on this already—companies selling overseas assets have been able to keep the proceeds offshore for future investment rather longer than used to be the case, for example.

Yet controls of one sort or another appear likely to remain for some time; the only silver lining being that the appreciation of sterling takes a lot of the danger out of borrowing abroad to finance overseas investment.

Financial markets, too, appear resigned to the fact that controls on portfolio investment will continue; the investment currency premium was back over 100 per cent level last week, though closing at 95.6 per cent on Friday, despite the strength of the pound against the dollar.

Not too much should be read into that since the recovery has been on the back of very thin trading compared with the heavy sell-off that accompanied August's shake-out. The underlying tone of the dollar premium market is far from strong.

Dealers confirm this, arguing that the effective rate of almost 38 per cent, very near its peaks earlier this year, is out of line with the relative attractions of Wall Street and the London stock market.

Even so, the dollar premium market has recovered its poise after scares earlier this year that it would be phased out, at least on EEC shares, to meet our commitments to the Common Market to abolish restrictions from next January.

While other countries in the Nine, like France, decline to meet their responsibilities in this score, the market is also likely to take this with a pinch of salt, especially as the Government still shows little sympathy with the City even on the vexed question of the 25 per cent surrender rule.

### Auditing standards

### Towards greater clarity

The accountancy profession has long needed a set of auditing standards which were generally understood by the public. Major accountancy firms have developed their own standards based on those produced at statements on auditing practice within the English Institute's handbook.

But these have not been sufficient to protect the profession as a whole from the view, however unjustified, that a couple of human failings and spectacular company disagreements and insolvencies, had ushered a wholly inadequate system of monitoring financial statements.

With good judgment and a modicum of luck a comprehensive set of standards should finally be ready early next year, by which time the proposals on disciplinary proceedings, which will come from the Cross Committee this week, should have been implemented.

So the public should see a profession which has gone far to show that its house is in order, whatever might have been thought.

The auditing standards will back up the statements of accounting practice, which have helped revolutionize understanding of company accounts over the past decade, and disciplinary bodies will have a set of rules to

guide them when making pronouncements. This should be particularly helpful to professional standards committees when considering cases of auditors, which have failed, apparently, to do their duty, and should provide a background to Cross.

But the main task of the Auditing Practices Committee when it puts out its draft standards next year must be good public relations. Auditors have so often been criticized because the public misunderstands what the role of an auditor is, so it is to be hoped that APC will make it clear that the auditor reviews the financial information provided by the management, not the management's performance.

If so, and if the meaning of auditors' qualifications can be standardized so that they are instantly understood by all who use company accounts, the profession could well have made substantial progress towards regaining some of the self-respect it has so evidently lost.

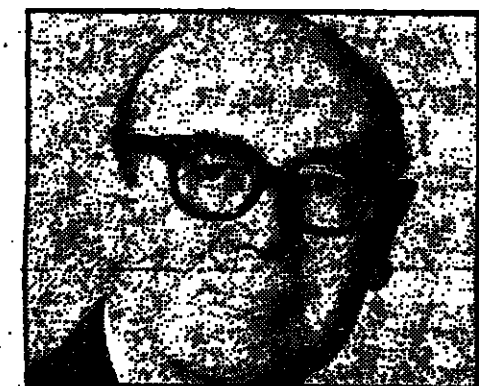
### Property unit trusts Some investors are getting out

Barclay's Bank's decision to dispose of the properties in the Grasshopper Property Unit Trust will mark the end of a protracted chapter in the sorry story of what was once one of the stars of the property unit trusts.

In 1974 the sixth largest out of the 20 listed funds, the fund of which Barclays is the trustee, ran into difficulties over the Tour Astro office development project in Brussels. Since then came hard on the heels of the overall debacle of the secondary banking sector's involvement in the property sector it was a surprise and a relief to find that it did not have severe repercussions for the other property unit trusts.

However, some insidious worries might be creeping in to the merchant banks who tend to dominate the property unit trust industry. There are early signs of a distinct switch away from the property unit trust to the managed funds of the big insurance companies.

Insurance companies believe that money that might once have been earmarked for a property unit trust is now entering their property funds; and there are some reports that money has actually been transferred out of property unit trusts into the insurance funds.



Mr Alex Bennett, chairman of Whitbread (above) told shareholders at the annual meeting in July that the group was fighting to maintain market share amidst a continuation of the difficult trading conditions of the previous half.

Since then there have been strikes closing two breweries in Wales for six weeks. So tomorrow's interim results from Whitbread could provide a depressing start to the brewery round. Beer consumption was probably down by around 2 per cent on the exceptional half of the good summer in 1976, which, in a volume sensitive industry will have hurt margins, while the growing pressures on disposable income could have led to some trading down.

But brewers expected conditions to be tough and price rises will have gone some way to offset cost increases, which in turn should have been easing recently.

Whitbread, at any rate, should be one of the poorer performers, although a lack of any need for currency provisions will boost published results. From now on the brewer will be looking for improved consumer spending, but possible Government action resulting from the Price Commission report is still worrying the sector.

It will no doubt be considered by many to be in poor taste to say so, but a goodly part of the Government's economic posture has for the moment, been saved by the miners.

The decision to let the pound float upwards last week was a forced response to a market situation which the authorities had brought upon themselves. Even the most ardent proponent of letting the pound float upwards, however, would have been biting his nails if the revaluation had gone far.

British manufacturing industry has continued to lose relative competitiveness in the last year. It may be that the cold douche of having to cope with a relatively hard currency in these circumstances would feed through into greater realism and higher productivity all round.

Even in the most favourable circumstances, though, the establishment of such a new "virtuous circle" could not be instantaneous. Meanwhile, a much higher exchange rate would have cut much of British industry out of exports at a stroke.

It certainly runs counter to any

intuitive picture of how the economy works to suggest that a massive jump in the sterling exchange rate would lead readily to any substantial growth in the volume of net demand for British exports. In the event the miners put a stop to all that.

All of which makes unintelligible the stand which the Government has taken on the issue of relaxing exchange controls. It is widely reported that a relaxation was a central policy option up to the last minute before last month's economic package. It is also widely assumed that such a policy was politically "not on" for this Government.

The arguments of the main camps for and against relaxing exchange controls are conducted in terms which so completely obscure reality that it is not surprising that the framework within which politicians make decisions is warped.

The emotive argument is that to allow the free export of capital would encourage an increased export of employment. But there is no serious evidence that the present regime, which the Government in its wisdom chose to leave standing, has been to

Lack of many things, maybe; but not lack of money, itself.

On the other side, there is equally little evidence that companies are being seriously inhibited in their overseas investment programmes by the existing exchange controls. Particularly since the general advent of floating exchange rates, most companies have wanted, out of prudence, to finance direct investment in any one country by raising matching capital in that same currency.

And most companies with the capacity to invest abroad have done so. The only slight area of difficulty has been where the appropriate injection of new capital into a subsidiary should be in the form of equity rather than loan capital. But in so far as this may have been a real inhibition, it must have saved as many companies from expensive mistakes as it has cut out potential gains.

In short, the purpose and effect of exchange controls have been, as their name implies, on foreign exchanges and not on employment and investment. The effect of the present regime, which the Government in its wisdom chose to leave standing, has been to

hold the exchange rate for the pound higher than would otherwise have been the case.

More attention should be given to the real costs of this policy. First, substantial sums have been added to public expenditure to service the long-term debt which the authorities were forced to issue in order to mop up the excess liquidity which has been going into the system, as the Bank sold pounds in order to hold down the exchange rate.

Secondly, the British economy is being denied the possibility of investing unwanted hot money in income earning assets abroad.

Thirdly, since the exchange rate is being held up artificially by exchange controls, British industry and employment is being to that extent adversely affected.

Since the relaxation of exchange controls would at one and the same time ease the market and credit management problems of the authorities and remove an artificial prop to sterling, in unusual harmony, both the TUC and the CBI think it too high, it is all the more surprising that political realists cannot find some way of making it politically "on".

### North Sea oil and the economy—1

## An opportunity for steady and sustained expansion

'The basic strategy of expanding domestic and foreign demand for British industrial products represents the only hope of maintaining, let alone regenerating, British industry during the North Sea oil era.'

Michael Surrey (right) contributes the first of a series of articles on the implications of North Sea oil. The next article will appear later this week



sector borrowing requirement is reduced, so that the implications are monetary rather than fiscal.

Returning to the balance of payments benefit—at least seven different uses have been suggested. They are not mutually exclusive.

(1) Fix the exchange rate and accumulate reserves: This seems pointless, except for limited "insurance" motives against the possibility of a return to the situation of the late 1950s and 1960s when the pound was pegged to the dollar. But, in any case, the reserves are already at a high level and this year's funding arrangements mean that the balance of the sterling balance is now much less than it used to be.

(2) Repay accumulated foreign debts: This again seems rather pointless, since foreign indebtedness is generally cheap and easily repayable for a surplus country. However, if the terms of the Letter of Intent proved to be a constraint on what was regarded as correct economic policy, there would be a compelling case for making no further drawings on the International Monetary Fund standby credit (and, perhaps, for repaying earlier IMF loans) in order to remove this constraint.

The sums involved are not, in this context, large—including the 1977 element of the standby credit, total indebtedness to the IMF will amount to about £3,000m, with only a fraction of this still available to be drawn.

(3) Allow, encourage or force the exchange rate to rise: The effects of this policy are complex and controversial. In the short run (the first year) the balance of trade improves as

import prices (in sterling) fall and export prices (in foreign currency) rise. In the medium term everything depends on the effect on wage bargaining. As import prices have fallen, money wage claims may be reduced.

If this response is powerful enough to reduce our inflation rate so far below what it otherwise would have been that the initial loss of competitiveness caused by the appreciation of the exchange rate is ultimately more than offset, well and good. If not, the result is a further decline in competitiveness, fall in net non-oil exports and contraction of industrial production and employment. But in any case, there is a loss of competitiveness for several years.

(4) Reflate domestic demand: Even assuming that every extra £1,000m of domestic demand produced by tax cuts or expenditure increases will raise imports by something of the order of £300m, it is evident that there is scope for massive reflation without jeopardizing the overall trade balance.

At present levels of unemployment reflation would in any case seem an attractive option, but there are also longer-term advantages. The empirical evidence overwhelmingly shows that the rate of industrial investment is determined predominantly by the level of expected demand and its relation to existing productive capacity, and only to a minor extent by the cost of capital (including investment incentives).

The sustained recovery in investment which the economy so badly needs thus requires a rapid steady expansion of demand for output: we are now in a situation in which this

could be engineered. It must be admitted that this strategy has a poor track record, but the 1950s (Maudslayi) expansion quickly led to a balance of payments crisis while the 1972-73 (Barber) expansion, in addition to being over-rapid, ran straight into the commodity price explosion of 1974.

On this occasion, there is no reason to expect such obstacles.

(5) Accumulate overseas assets: Limited effects on domestic output and employment, since returns repatriated to the United Kingdom are fairly low and tend to accrue to those with a low propensity to spend. Possibly attractive to those who wish to see the exchange rate held down but who oppose reflation and fear the expansionary effects of large current account surpluses on the money supply.

(6) Substantial increase in investment incentives: As noted above, industrial investment seems to be far more strongly influenced by demand than by the cost of capital. In fact, existing investment incentives already heavily subsidize capital investment without apparently stimulating accumulation, and it is highly improbable that the use of government oil revenues to increase the level of subsidies would have a perceptible effect on the rate of investment at current levels of capacity utilization.

(7) Direct investment in industry by the public sector: This would directly increase the capital goods sector in industry (though probably not £ for £ since some private investment would be replaced by public investment). It would also, by increasing employment in the capital goods sector, to some extent stimulate demand. But it is improbable that this

demand stimulus would be sufficient to absorb the potential output of the extra productive capacity, so that on its own this policy would merely increase the amount of idle or under-utilized capacity in the economy.

Any combination, in varying degrees, of these policies is, of course, possible. The front-runners seem to be (3), (4) and (7).

The case for (3) depends on the belief that revaluation of the currency will ultimately improve rather than worsen competitiveness and that the control of inflation cannot be achieved by means of incomes policy. Because of the shaky evidence for its basic tenet, it is a highly risky policy at best; it also leaves untouched the institutional problem of the reform of the wage bargaining process which must sooner or later be faced.

Last week's appreciation of sterling is a sad indication that specious arguments about monetary targets may once again have overcome concern with the real economy.

The problem with (7) is that without a steady expansion of demand the policy will merely create unemployment, while with demand expansion the policy would be unnecessary.

The major plank of policy in the North Sea oil era should thus be steady and sustained expansion of demand and output engineered by fiscal and monetary policy, together with the maintenance of competitiveness in foreign trade via the management of the exchange rate. Taken together, these should ensure a steady growth in the demand for United Kingdom industrial products from both domestic and foreign purchasers and thus, after a time, lead to a steady growth and modernization of industrial capacity via the induced acceleration of investment.

In the long run rationalization of the process of wage bargaining will no doubt still be needed; in the shorter term restrictions on imports of manufactured goods should not be ruled out if domestic demand for manufactures threatens to be met disproportionately from abroad. But the basic plank of expanding domestic and foreign demand for British industrial products represents the only hope of maintaining, let alone regenerating, British industry during the North Sea oil era.

The author is editor of the *National Institute Economic Review*.

## Business Diary in Europe: French lessons in finance

With the dates of the French election announced last week the various political parties are gathering their resources for what promises to be a particularly bitter and therefore expensive campaign.

But if some of the parties of the coalition majority are a little worried about their funds the same cannot be said of the Communist Party.

Perry could lay claim to being one of the most financially successful business operations in the country. It not only has a regular income from the 1 per cent of salary levy made on all party members and the revenue from five collections a year, but it owns controls or has an interest in everything from house couture to radio-taxis and from supermarkets to table wines.

Although the party will not put a figure on its wealth, some of the known statistics are impressive in their own right. It owns at least 130 blocks of flats, 25 printing works, 50 bookshops, and book publishers, a travel agents and literally hundreds of companies, from big cooperatives to small boutiques.

One party business controls all international trade between France and East European Communist countries; Jacques Esterel was launched into the fashion world by another.

The bank used by the party, the Banque Commerciale pour l'Europe du Nord, has the largest deposits of any foreign bank in France.

for noticing a slight air of defensiveness at a weekend dinner in London at which he was guest of honour.

Aigrain was the principal speaker at one of the occasional dinners held by the Ministry of Defence and the British electronics industry since the formation just before the war of what is now the ministry's Directorate of Components, Valves and Devices.

It is a tradition of these occasions that the main speaker shall come from abroad to stop everybody getting too insular. On this occasion, Aigrain's presence may also have stopped the MoD and industry diners from getting too introspective.

This weekend's dinner comes as the relationship between the Ministry and the electronics industry is coming under scrutiny in the Central Criminal Court.

There, a colonel in the ministry's sales organization is denying taking, and two executives of the Rada group are denying



Professor Pierre Aigrain in London at the weekend.



"Do you think Roy Jenkins will get his common European currency in time to prevent Britain's next burst of inflation?"

offering bribes in connexion with the installation of radio equipment in tanks destined for Iran.

If the BBC's television technicians, who blacked out the Queen's Speech, think they're hard done by, they should consider the case of their opposite numbers in Spain.

The Bank of Spain has come to the rescue of Radiotelevision Espanola (RTVE) and lent it enough money to pay the 7,000 workers their October wages.

The broadcasting group, Government-run until this month when a joint committee made up of opposition parties and the Government, will take over, is waiting for 9,300m pesetas (£22m), the remainder of its budget for this year, to be paid into its account.

The head of RTVE, Rafael Anson, has sent a note to the staff saying that the difficul-

ties are only temporary and entirely due to the fact that the new democratic Cortes still has to send the last slice of the budget and approve extra payments.

RTVE workers had started to get restless when it seemed that they would not be paid for October and Anson quickly had to look around for help. Meetings were held and there was a strike talk.

All the signs are that Margo Hook will have a tough time in Lisbon this week at her first conference as president of the Association of British Travel Agents.

During her six months in office the elegantly attired Mrs Hook has exhaustively tried to avoid entanglement in the infighting between the various factions of the association. The annual conference, which starts today, is Mrs Hook's first

chance to publicly air her views. But an early broadside has been fired by George Skelton, Mrs Hook's predecessor as president of the association who has been warning the new Abta team handed negotiations with the Government over retention of the "closed shop" clause in the rulebook.

Regarded by the association's old order as a vital ingredient in maintaining unity, the rule (which ensures that members can only sell each other's products) is one of several defined by the Office of Fair Trading as a restrictive trade practice.

### Industry in the regions

Early next year contractors will begin blasting into the bedrock beside the Cromarty Firth in the first practical step towards building a £220m refinery.

The excavated rock will probably serve as foundation for another industrial site nearby and the hole in the ground will eventually become the entrance tunnel to a system of underground caverns in which vast quantities of North Sea oil will be stored.

The controversial project, about which there was so much argument in Parliament, has at last come to life and the confident expectation of both Cromarty Petroleum, the company carrying out the development, and the Highland Regional Council is that in five years the time the plant will begin refining 100,000 tons of crude oil a year.

It will also form the base for a spread of new industry. There is room to double the refinery's capacity and add such lucrative downstream activity as an ethylene cracker and petrochemical complex.

The marine terminal projecting into the deep, sheltered waters of the Cromarty Firth will have twice the initial capacity of the refinery which is being built on a sure mark of confidence. Assurances have been given that only North Sea crude will be handled at the refinery and the local planning authority is assured that the expectations of a market in America for Cromarty Petroleum's products are sound and that the company will have "bankable contracts" for the development.

After the experiences of the last 10 years the Cromarty planners were understandably

## A £220m step at Cromarty Firth

sceptical about whether a refinery would ever materialize from the dreams and tattered hopes. The present scheme is the third proposal from an American company in the last decade for a refinery and petrochemical complex around the firth.

Behind the Scottish-sounding name of Cromarty Petroleum is the American financier Daniel K. Ludwig. He is said to be among the richest men in the world with a fortune founded upon bankers but who has diversified into a wide range of bulk sea transport and beyond to hotels and coal.

What raised Scottish eyebrows about the scheme was the discovery that behind Cromarty Petroleum was Universe Tankships. That company was in turn controlled by the Ludwig Institute for Cancer Research, a Liberian-registered corporation based in Switzerland.

The Ludwig organization recognized the rich potential of the Cromarty Firth area which has deep, sheltered water bordered by acres of flat land, much of it zoned for industry. One estimate is that some 2,000 acres of potential industrial land lie vacant and a further 4,000 acres in Nigg Bay could be reclaimed.

The aim is for the Cromarty refinery, which will rank among the largest in Britain, to provide an independent, competitive option for crude oil producers. Nature has also

stepped in to help by providing a veritable string of oilfields from the mouth of the Moray Firth into the North Sea.

This focuses attention on the Cromarty Firth for refining activity, with supplies of crude oil on tap, as a centre of petrochemical development and as a supply and service base. Cromarty may also emerge as the terminal point of a gas-gathering pipeline, establishing the Firth as a transshipment centre for exported liquid petroleum gas.

Around the refinery site, industrial development is well established. The British Aluminium plant near Invergordon employs 350 and produces some 100,000 tons a year. The likelihood is that this will be increased by 20 per cent. Highlands Fabricators at Nigg builds the massive ironmongery for the North Sea oilfields and employs a maximum of 1,200.

The pipe-coating yard of MK Shand is presently picking over but with the promise of new activity in the North Sea and the possibility of a gas-gathering line being laid, 450 jobs could be added. Owing nothing to the North Sea or the sheltered quality of the Cromarty Firth, Invergordon Distilleries employs 200 and ranks as the largest grain distillery in Europe.

The landscape is broad, empty and swallows large-scale industry. The planners argue that it is far better to develop such industry in one place rather than allow it to scatter around other parts of the region and beautiful

Cromarty development would amount to a small scratch on the total coastline of Scotland and there would be plenty of untouched wilderness left.

Ronald Faux







## FINANCIAL NEWS AND MARK ET REPORTS

## Freight-report

Last week the mini-boom in large tanker rates, out of the Gulf went up. The 250,000-ton VLCC Starline was fixed Gulf/West at WS 27, and the 270,000-ton dw Thersholm went to Shell for WS 27.

VLCC rates continued buoyant. The 370,000-ton Jaranda went to BP for WS 21. Gulf/West at the beginning of the week and rates had hardened sufficiently for BP to have to pay WS 22 for the 400,000-ton Hilda Knudsen. But the Arab Maritime Petroleum Tanker Co's 310,000-ton dw Al Rafidain did best at WS 25 and went to Poggini, Gulf/West, leading in December.

But there was an interesting proviso here, Poggini will cancel on December 5 if the ship has not taken its cargo by then. So one charterer reckons that the market will ease in December. This is quite possible as most inquiries have been supplied.

But some brokers feel that the demand for winter fuel is still building up and that WS 30 could be reached for VLCCs out of the Gulf this week.

What happens in December depends on inquiry and rates would drop when vessels break bulk. If rates improve further, it will certainly start happening.

Interest in the smaller tanker range has been limited, but the 120,000-ton Nicos I. Vardineo was chartered Gulf/West to Transocean at WS 27, which is a better rate than earlier.

The Mediterranean saw no change in rates from the week before and activity was quiet. In the Caribbean, there has been a little bit of activity in the 20 to 40,000-ton range. The 25,000-ton Mikron was fixed at WS 95 with Phillips Petroleum.

Hilary Gomar

## Bank Base Rates

ABN Bank	6%
Barclays Bank	6%
Consolidated Credits	6%
First London Secs	6%
C. Hoare & Co.	6%
Lloyds Bank	6%
M. Mercille Corp	6%
Midland Bank	6%
Nat Westminster	6%
Russminster Acc's	6%
Shenley Trust	6%
TSB	6%
Williams and Glyn's	6%

\* 10,000 and under 3% over 10,000, 3.5% over 10,000, 4% over 10,000

## TANGANYIKA CONCESSIONS LIMITED

NOTICE TO HOLDERS OF ORDINARY STOCK OF TANGANYIKA CONCESSIONS LIMITED. NOTICE IS HEREBY GIVEN THAT the Interim Dividend declared on 7th October 1977 in respect of the year ended 31st December, 1977, is payable on 10th November 1977 to the registered shareholders of the company at the time being of Stock Warrants to Bearer as indicated below.

Holders of Stock Warrants to Bearer must arrange for an Authorisation Certificate to be sent to the company at the office of the company's Paying Agents—

Tanganyika Holdings Limited, 6, John Street, LONDON WC2N 2ES.

Depositors of the Coupon in the company's Paying Agents—

1. Societe Generale de Banque, 2, Montaigne, Paris.

2. Banque Lambert, 24 Avenue Maritima, PARIS 16.

3. Credit du Nord et Union Paribas, 6 & 8 Boulevard Haussmann, PARIS 17.

4. Messrs Lazard Freres & Cie, 5 rue Pittet-Land, PARIS 17.

5. Swiss Bank Corporation, Schweizerstrasse 1, BASLE, and all its Swiss Offices.

6. In LUXEMBOURG at—Banque Generale de Luxembourg, 14, Rue d'Arlingen.

7. Banque Internationale a Luxembourg, 2, Boulevard Royal.

8. Compagnie Generale pour le paiement en Rentes, Paris, Switzerland and Luxembourg, to whom remittance to the company may be made by the company's Paying Agents.

9. Where holders registered in Great Britain or Northern Ireland, the Principal Register has appointed Messrs. Grant, Nathan & Co., 11, Abchurch Lane, LONDON EC4N 3JE, as the company's Paying Agents.

10. From dividends made in respect of coupons presented in London, unless such coupons are accompanied by a valid Revenue Declaration.

By Order of the Board, BANAHAS INTERNATIONAL TRUST COMPANY LIMITED, Secretaries.

Dated the 7th day of November, 1977.

20 Box N 788, 2554, Bahamas.

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## Trade sceptical as Brazil says: 'We bought coffee for our needs'

## Commodities

There can be no doubt that persistent allegations that Brazil has been buying coffee on the London market since June in a bid to force up the international price has got under the skin of the Brazilians.

The charge has come not only from London market sources but also from consumers on both sides of the Atlantic. Only last week in the United States Representative Fred Richmond, the New York Democrat who is chairman of the House of Representatives sub-committee on domestic marketing and consumer relations, said that Brazil and other coffee producing nations had deliberately set artificially high prices.

The buying in London has been carried out by Interbras, a trading subsidiary of Petrobras, the Brazilian state-owned oil company, and last week Interbras held a London press conference to refute the allegations of price manipulation.

However, the occasion lost a good deal of force when Mr. Claudio Vilela, head of Interbras in London, while disclosing that the Brazilian Government owned 72 per cent of Petrobras, said that he could not answer questions on Brazilian coffee, as he was concerned solely with the trading aspect.

According to Mr. Vilela, Interbras was simply a trading company, existing to make a profit from dealing in coffee, soy and manufactured goods and not subject to direction from the state and owing no allegiance to the Brazilian Coffee Institute (IBC).

He confirmed that 28,000 tonnes of coffee bought on the London market in the last few months was being shipped to Brazil out of Avonmouth, London, Amsterdam and Rotterdam.

In a prepared statement, Mr. Vilela said that these shipments to Brazil—equal to nearly 10 per cent of the country's domestic consumption—proved that without doubt Brazil's recent purchases on the London market were for her own

domestic needs and not an attempt to force the international price upwards to the benefit of Brazil's own coffee exporters.

For some months now allegations have been made that Interbras has been buying coffee on the London market in an attempt to force up the international price. The suggestion has been repeatedly made that we were using our power in the coffee industry to manipulate the price to our own advantage.

We have always vehemently denied this and emphasized that we needed the coffee we were buying for our own needs. I believe the huge shipments to Brazil that are taking place prove without doubt that we were telling the truth.

He said that Brazil needed to buy substantial amounts of coffee from Uganda, Zaïre, Ghana, India and Indonesia on the London terminal market because of the 1975 frost in which 52 per cent of production was destroyed. New bushes planted would take three to five years before starting to produce significant amounts of coffee.

In the meantime, Brazil's stocks of coffee, normally 25 million to 30 million tonnes, have become depleted and now need to be replenished. At the point they were down to the dangerously low level of around 2 million tonnes.

In addition, the kind of coffee we bought on the London market was needed for domestic consumption and also for mixing with Brazilian coffee to produce an internationally acceptable taste for our real and instant coffee exports.

He confirmed that Brazil has also been buying coffee in London for November delivery but would not give details of the quantity. Nor did he mention that, in what seems to be

a reversal of policy Interbras is offering its November coffee for resale on the London terminal market—a report, confirmed by three independent brokers.

London traders were not convinced by Mr. Vilela's statement and the suspicion remains that the Brazilian Government was behind Interbras's activities.

Another possible change in Brazilian activities concerns special deals for importers, allowing them a discount on the minimum export price of \$3.20 a pound.

For some weeks there have been reports that such deals have been made although until last week these reports have been refuted by Senhor Camilo Calazans, the IBC chief.

However, he has now said that although Brazil would do what it could to keep the export price at \$3.20, a level of below \$3.20 and \$2.50 was "admissible" if it would return consumption to normal.

It is pointed out by Latin America Commodities Report that the time is ripe for a change with roasters showing increased buying interest. Danish, Swiss and United States representatives are at present in Brazil.

The report emphasizes that the IBC has always indicated that a price cut was conditional on a revival of interest. Also, with Central America and other producers determined to defend the bottom of the market, Brazil can afford a reduction without seriously depressing world prices.

The report says that evidence that the IBC is ready to return to the market lies in the fact that 20,000 bags of coffee have been registered for export in the past few days.

Nine Brazilian export companies are reported to be involved in deals with United States, French and Belgian roasters.

Wallace Jackson

Commodities Editor

## Eurobond prices (yields and premiums)

U.S. \$ STRAIGHT	Offer	Return	Other	Return
Australia \$1983	100.00	8.50	100.00	8.50
Canada \$1983	100.00	8.50	100.00	8.50
France \$1983	100.00	8.50	100.00	8.50
Germany \$1983	100.00	8.50	100.00	8.50
Italy \$1983	100.00	8.50	100.00	8.50
Japan \$1983	100.00	8.50	100.00	8.50
Netherlands \$1983	100.00	8.50	100.00	8.50
Spain \$1983	100.00	8.50	100.00	8.50
Sweden \$1983	100.00	8.50	100.00	8.50
Switzerland \$1983	100.00	8.50	100.00	8.50
U.K. \$1983	100.00	8.50	100.00	8.50
U.S. \$ CONVERTIBLES	Offer	Return	Other	Return
American Express \$1983	100.00	8.50	100.00	8.50
Banque Paribas \$1983	100.00	8.50	100.00	8.50
Bank of Montreal \$1983	100.00	8.50	100.00	8.50
Bank of New York \$1983	100.00	8.50	100.00	8.50
Bank of Paris \$1983	100.00	8.50	100.00	8.50
Bank of Spain \$1983	100.00	8.50	100.00	8.50
Bank of Sweden \$1983	100.00	8.50	100.00	8.50
Bank of Switzerland \$1983	100.00	8.50	100.00	8.50
Bank of the Americas \$1983	100.00	8.50	100.00	8.50
Bank of the East \$1983	100.00	8.50	100.00	8.50
Bank of the Middle East \$1983	100.00	8.50	100.00	8.50
Bank of the Pacific \$1983	100.00	8.50	100.00	8.50
Bank of the South \$1983	100.00	8.50	100.00	8.50
Bank of the West \$1983	100.00	8.50	100.00	8.50
Bank of the World \$1983	100.00	8.50	100.00	8.50
Bank of the United States \$1983	100.00	8.50	100.00	8.50
Bank of the Virgin Islands \$1983	100.00	8.50	100.00	8.50
Bank of the West Indies \$1983	100.00	8.50	100.00	8.50
Bank of the Caribbean \$1983	100.00	8.50	100.00	8.50
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Bank of the Central America \$1983	100.00	8.50	100.00	8.50
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Bank of the Central America \$1983	100.00	8.50	100.00	8.50
Bank of the Central America \$1983	100.00	8.50	100.00	8.50
Bank of the Central America \$1983	100.00	8.50	100.00	8.50
Bank of the Central America \$1983	100.00	8.50	100.00	8.50
Bank of the Central America \$1983	100.00	8.50	100.0	

## Weekly list of fixed interest stocks

Stock	Price	Yield	Dividend
Alb. & Wilson 7% Deb.	75.00	7.50	7.50
Alb. & Wilson 8% Deb.	75.00	8.00	8.00
Alb. & Wilson 9% Deb.	75.00	9.00	9.00
Alb. & Wilson 10% Deb.	75.00	10.00	10.00
Alb. & Wilson 11% Deb.	75.00	11.00	11.00
Alb. & Wilson 12% Deb.	75.00	12.00	12.00
Alb. & Wilson 13% Deb.	75.00	13.00	13.00
Alb. & Wilson 14% Deb.	75.00	14.00	14.00
Alb. & Wilson 15% Deb.	75.00	15.00	15.00
Alb. & Wilson 16% Deb.	75.00	16.00	16.00
Alb. & Wilson 17% Deb.	75.00	17.00	17.00
Alb. & Wilson 18% Deb.	75.00	18.00	18.00
Alb. & Wilson 19% Deb.	75.00	19.00	19.00
Alb. & Wilson 20% Deb.	75.00	20.00	20.00
Alb. & Wilson 21% Deb.	75.00	21.00	21.00
Alb. & Wilson 22% Deb.	75.00	22.00	22.00
Alb. & Wilson 23% Deb.	75.00	23.00	23.00
Alb. & Wilson 24% Deb.	75.00	24.00	24.00
Alb. & Wilson 25% Deb.	75.00	25.00	25.00
Alb. & Wilson 26% Deb.	75.00	26.00	26.00
Alb. & Wilson 27% Deb.	75.00	27.00	27.00
Alb. & Wilson 28% Deb.	75.00	28.00	28.00
Alb. & Wilson 29% Deb.	75.00	29.00	29.00
Alb. & Wilson 30% Deb.	75.00	30.00	30.00
Alb. & Wilson 31% Deb.	75.00	31.00	31.00
Alb. & Wilson 32% Deb.	75.00	32.00	32.00
Alb. & Wilson 33% Deb.	75.00	33.00	33.00
Alb. & Wilson 34% Deb.	75.00	34.00	34.00
Alb. & Wilson 35% Deb.	75.00	35.00	35.00
Alb. & Wilson 36% Deb.	75.00	36.00	36.00
Alb. & Wilson 37% Deb.	75.00	37.00	37.00
Alb. & Wilson 38% Deb.	75.00	38.00	38.00
Alb. & Wilson 39% Deb.	75.00	39.00	39.00
Alb. & Wilson 40% Deb.	75.00	40.00	40.00
Alb. & Wilson 41% Deb.	75.00	41.00	41.00
Alb. & Wilson 42% Deb.	75.00	42.00	42.00
Alb. & Wilson 43% Deb.	75.00	43.00	43.00
Alb. & Wilson 44% Deb.	75.00	44.00	44.00
Alb. & Wilson 45% Deb.	75.00	45.00	45.00
Alb. & Wilson 46% Deb.	75.00	46.00	46.00
Alb. & Wilson 47% Deb.	75.00	47.00	47.00
Alb. & Wilson 48% Deb.	75.00	48.00	48.00
Alb. & Wilson 49% Deb.	75.00	49.00	49.00
Alb. & Wilson 50% Deb.	75.00	50.00	50.00
Alb. & Wilson 51% Deb.	75.00	51.00	51.00
Alb. & Wilson 52% Deb.	75.00	52.00	52.00
Alb. & Wilson 53% Deb.	75.00	53.00	53.00
Alb. & Wilson 54% Deb.	75.00	54.00	54.00
Alb. & Wilson 55% Deb.	75.00	55.00	55.00
Alb. & Wilson 56% Deb.	75.00	56.00	56.00
Alb. & Wilson 57% Deb.	75.00	57.00	57.00
Alb. & Wilson 58% Deb.	75.00	58.00	58.00
Alb. & Wilson 59% Deb.	75.00	59.00	59.00
Alb. & Wilson 60% Deb.	75.00	60.00	60.00
Alb. & Wilson 61% Deb.	75.00	61.00	61.00
Alb. & Wilson 62% Deb.	75.00	62.00	62.00
Alb. & Wilson 63% Deb.	75.00	63.00	63.00
Alb. & Wilson 64% Deb.	75.00	64.00	64.00
Alb. & Wilson 65% Deb.	75.00	65.00	65.00
Alb. & Wilson 66% Deb.	75.00	66.00	66.00
Alb. & Wilson 67% Deb.	75.00	67.00	67.00
Alb. & Wilson 68% Deb.	75.00	68.00	68.00
Alb. & Wilson 69% Deb.	75.00	69.00	69.00
Alb. & Wilson 70% Deb.	75.00	70.00	70.00
Alb. & Wilson 71% Deb.	75.00	71.00	71.00
Alb. & Wilson 72% Deb.	75.00	72.00	72.00
Alb. & Wilson 73% Deb.	75.00	73.00	73.00
Alb. & Wilson 74% Deb.	75.00	74.00	74.00
Alb. & Wilson 75% Deb.	75.00	75.00	75.00
Alb. & Wilson 76% Deb.	75.00	76.00	76.00
Alb. & Wilson 77% Deb.	75.00	77.00	77.00
Alb. & Wilson 78% Deb.	75.00	78.00	78.00
Alb. & Wilson 79% Deb.	75.00	79.00	79.00
Alb. & Wilson 80% Deb.	75.00	80.00	80.00
Alb. & Wilson 81% Deb.	75.00	81.00	81.00
Alb. & Wilson 82% Deb.	75.00	82.00	82.00
Alb. & Wilson 83% Deb.	75.00	83.00	83.00
Alb. & Wilson 84% Deb.	75.00	84.00	84.00
Alb. & Wilson 85% Deb.	75.00	85.00	85.00
Alb. & Wilson 86% Deb.	75.00	86.00	86.00
Alb. & Wilson 87% Deb.	75.00	87.00	87.00
Alb. & Wilson 88% Deb.	75.00	88.00	88.00
Alb. & Wilson 89% Deb.	75.00	89.00	89.00
Alb. & Wilson 90% Deb.	75.00	90.00	90.00
Alb. & Wilson 91% Deb.	75.00	91.00	91.00
Alb. & Wilson 92% Deb.	75.00	92.00	92.00
Alb. & Wilson 93% Deb.	75.00	93.00	93.00
Alb. & Wilson 94% Deb.	75.00	94.00	94.00
Alb. & Wilson 95% Deb.	75.00	95.00	95.00
Alb. & Wilson 96% Deb.	75.00	96.00	96.00
Alb. & Wilson 97% Deb.	75.00	97.00	97.00
Alb. & Wilson 98% Deb.	75.00	98.00	98.00
Alb. & Wilson 99% Deb.	75.00	99.00	99.00
Alb. & Wilson 100% Deb.	75.00	100.00	100.00

## Brasway loss but

worst now over

Brasway, the scrap processor and steel stockholder, has suffered badly. In the year to April 30 it made a loss of £550,000 against one of £363,000. However, the board says that the worst is over, and pre-tax profits this year should be less than £200,000. They could be more. The passing of the final dividend for the first time is regarded.

## Herman Smith hit

by recession

All operating subsidiaries of Herman Smith had a bad time and a quarter of the work force lost their jobs. So pre-tax profits fell from £239,000 to £56,000 in the year to June 30. Orders and prospects have picked up and barring industrial unrest, the chairman feels sure that the group will do better this



(Current market price multiplied by the number of shares in issue for the stock quoted)

RECEIVED  
AS  
RECEIVED  
REPRESENTATIVE  
TRAINING  
Broadcast  
Company







